

India Economics

Monthly Chartbook

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Global easing cycle on the way

Consumption and investment demand remained subdued with decline in auto sales, non-oil-non-gold imports, capital goods production and imports. Slowdown also impacted government revenues which are likely to improve as a result of additional taxes proposed in Budget. While monsoon rains have improved lately, sowing is behind last year's levels and will impact rural incomes and demand. Monetary stimulus by RBI will help in reducing interest costs and thus improve demand and sentiment with a lag. Given the global backdrop of easing interest rates, we believe RBI will further cut rates to stimulate demand.

Consumption demand weakened: Consumption demand remained subdued with decline in non-oil-gold imports at (-) 9% in Jun'19, lower passenger vehicle sales at (-) 24% and two-wheeler sales at (-) 12%. RBI's consumer confidence has also fallen to 95.7 in Jul'19, lowest since Dec'18. While monsoon has improved, kharif sowing is still (-) 6.6% below last year's level. This will drive agri prices higher for some select commodities and thus improve rural consumption.

Fiscal consolidation: The current slowdown has resulted in relatively muted increase in tax collections for the centre and states. Gross tax revenue of the centre increased by only 6.5% in Jun'19. Centre has proposed a fiscal deficit of 3.3% and 3% in FY20 and FY21 respectively. Thus revenue and capital spending by centre and states has been relatively muted. Lower capex by centre and states has coincided with

decline in private sector capital spending as seen in decline in capital goods production and imports.

Yields have softened: India's 10Y yield fell by (-) 51 bps in Jul'19. Post Fed policy, US 10Y yield also fell by (-) 28bps. RBI has cut rates (35bps) in Aug'19. So have other central banks such as Thailand, New Zealand and Phillipines. Central Banks are looking at lower rates and higher liquidity to uplift global growth which has sapped due to current US-China tariff war. RBI has also moved to surplus liquidity which has now increased to Rs 1.3tn in Jul'19. Transmission by banks is under way. CIC accretion has been far lower at Rs 359bn in FYTD20 compared with Rs 922bn last year. This is a sign of lower demand and thus muted pricing power, which would keep inflation well anchored at 3.5% in FY20.

Short-term volatility in INR, outlook for FY20 stable: INR appreciated marginally by 0.3% in Jul'19. Lower oil prices helped. FII outflows were US\$ 0.7bn after inflows of US\$ 5.4bn in Q1FY20. FPI outflows rose to US\$ 1.2bn in Aug'19 (7 Aug'19). INR, along with other EM currencies, came under pressure after China lowered daily fixing of CNY below 7/US \$ in Aug'19. While CNY depreciated by (-) 2.4%, INR has fallen by (-) 2.9%. On the positive side, oil prices are now below US\$ 60/bbl which is positive for INR. Hence, depreciation pressure on INR is likely to be temporary.

Note: The source for all exhibits is 'CEIC and Bank of Baroda' unless otherwise specified

Consumption

Final consumption expenditure

FIG 1 – CONSUMPTION SLOWED TO 7.2% IN Q4FY19 AS AGAINST 8.1% IN Q3FY19

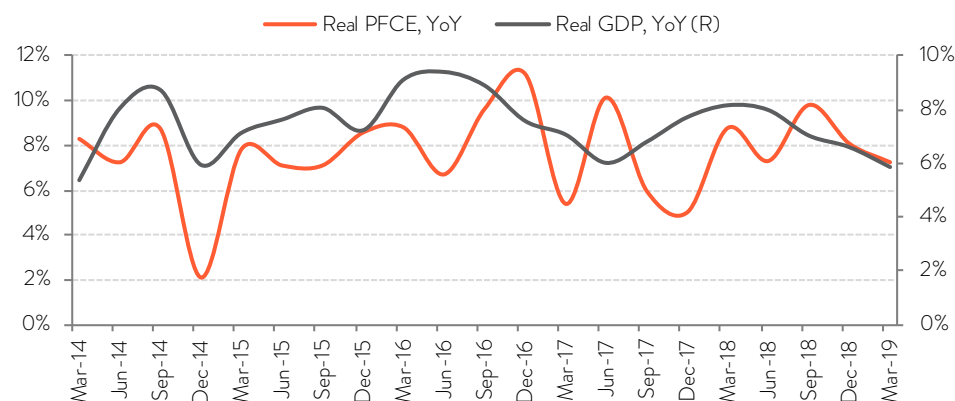


FIG 3 – GENERAL GOV REVENUE SPENDING FALLS IN Q1FY20...

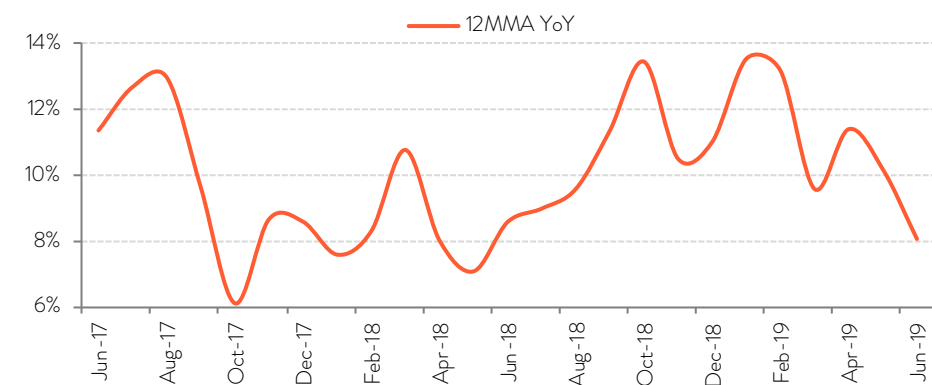


FIG 2 – GOVERNMENT CONSUMPTION ACCELERATED TO 13.1% IN Q4FY19

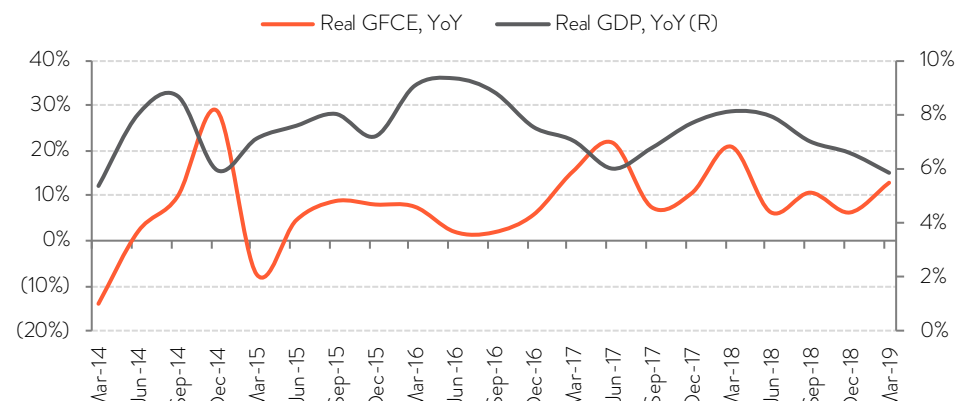
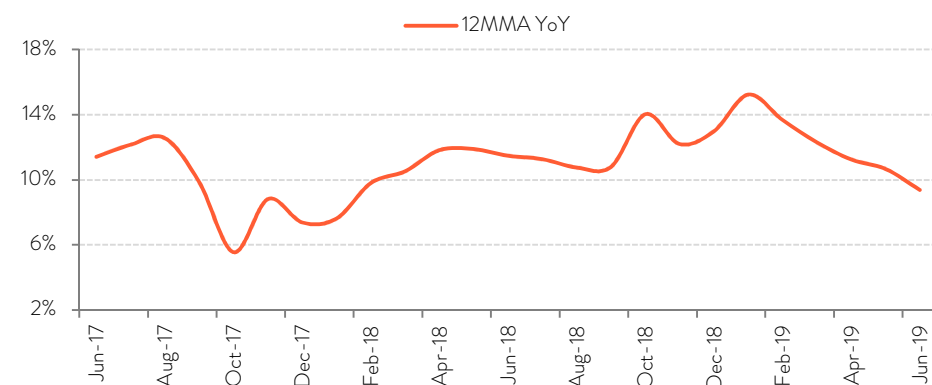


FIG 4 – ...STATE* GOV REVENUE SPENDING CONTINUES TO DROP



Note: * All states excluding N.E states, Bihar, Goa, Karnataka and Uttarakhand

Non-oil imports, electronic imports

FIG 5 – SLOWDOWN CONTINUES IN NON-OIL-NON-GOLD IMPORTS

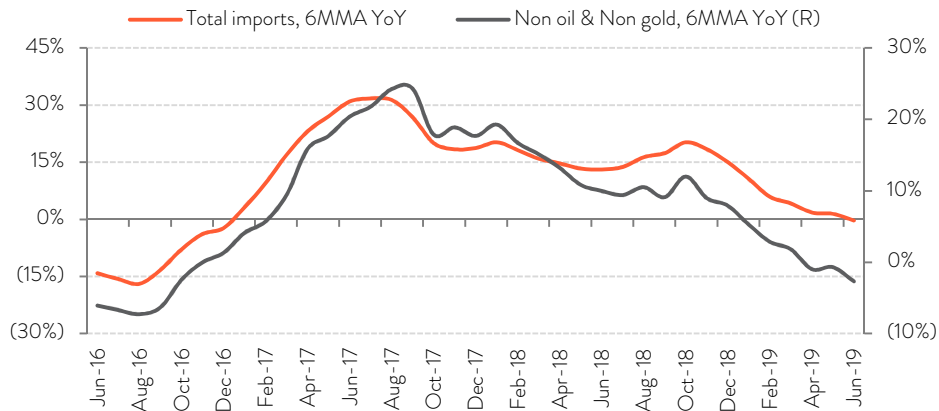


FIG 6 – ELECTRONIC IMPORTS RECOVER IN JUN'19

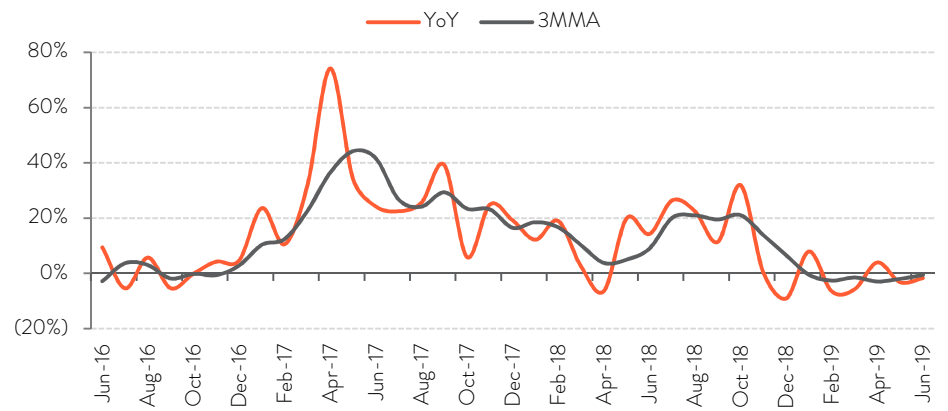


FIG 7 – PASSENGER CAR SALES FALL BY (-) 24% IN JUN'19

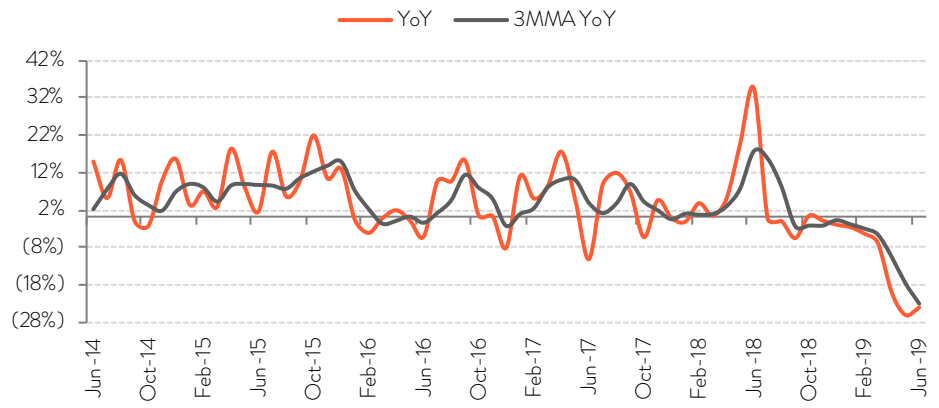
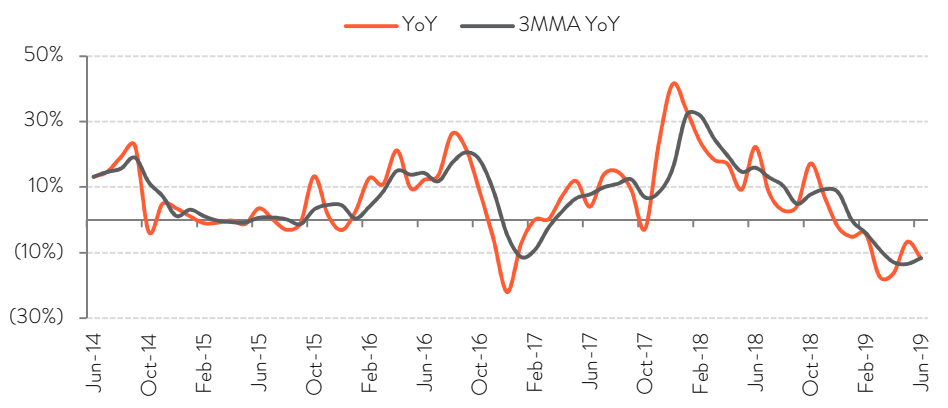


FIG 8 – TWO-WHEELER SALES ALSO DROP IN JUN'19



Credit deployment of personal loans

FIG 9 – GROWTH IN CREDIT CARD OUTSTANDING IMPROVES

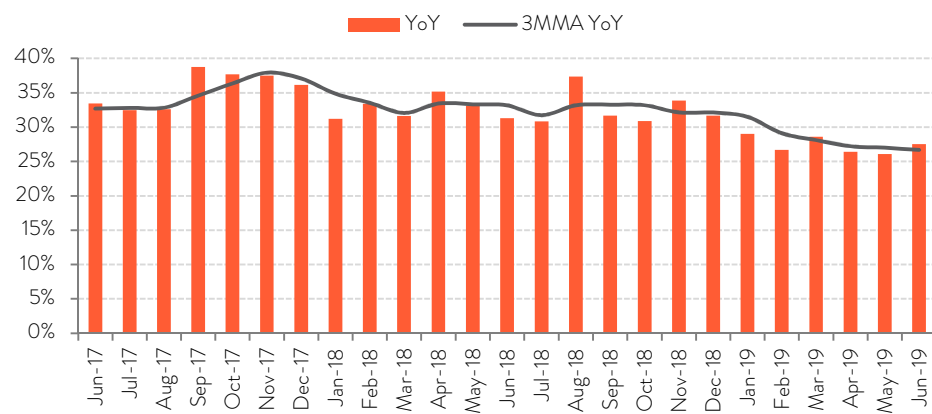


FIG 10 – GROWTH IN PERSONAL LOANS REMAINS STEADY

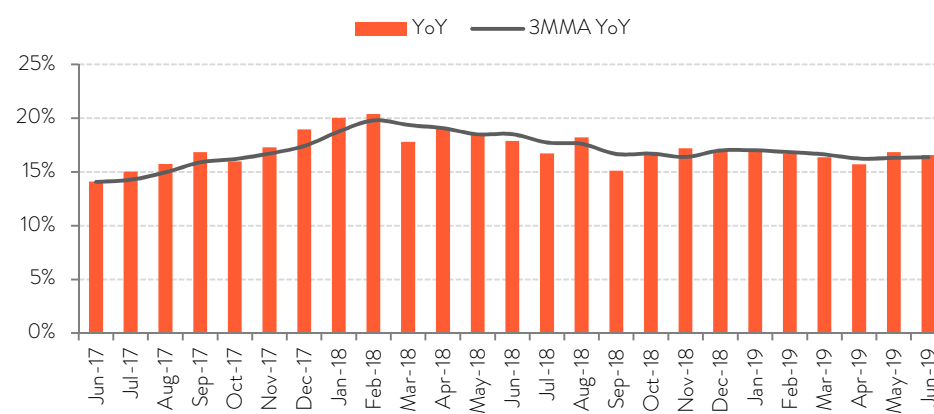


FIG 11 – GROWTH IN VEHICLE LOANS DROPS IN JUN'19

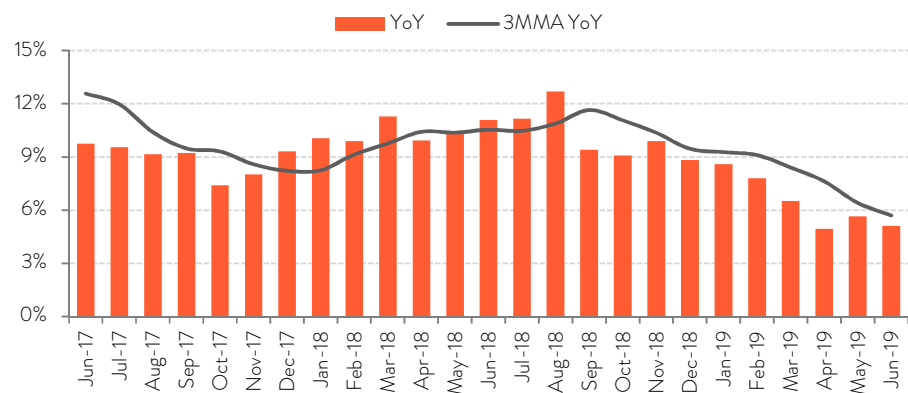
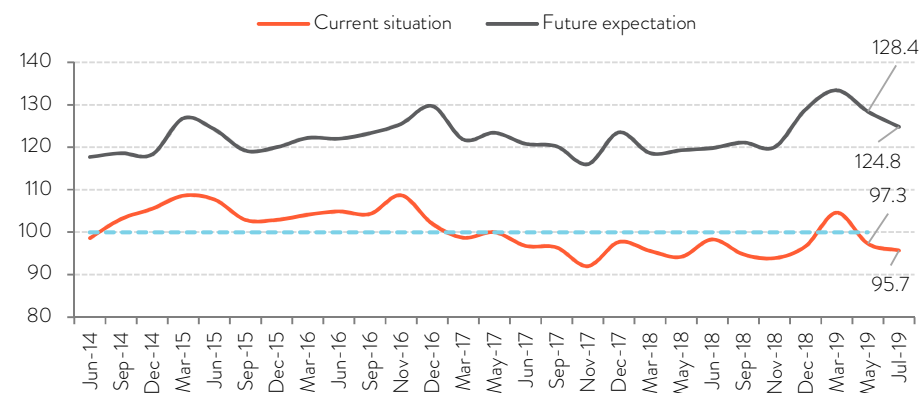


FIG 12 – CONSUMER CONFIDENCE WEAKENS



Consumer durables & non-durables production

FIG 13 – CONSUMER DURABLES SLIPS TO (-) 0.1% IN MAY'19

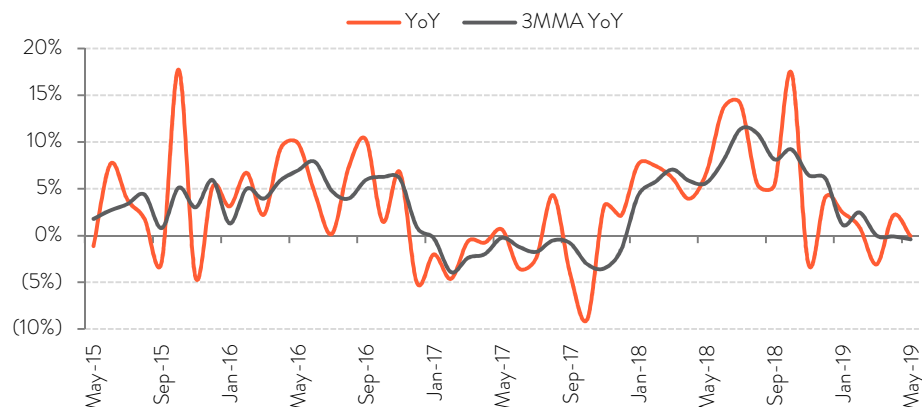
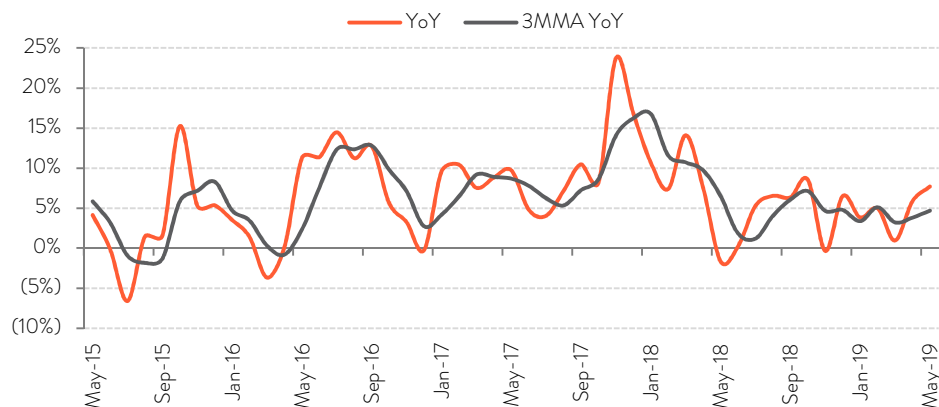


FIG 14 – FMCG OUTPUT RISES BY 7.7% IN MAY'19



Agriculture

FIG 15 – AGRICULTURE GROWTH DECLINES BY (-) 0.1% IN Q4FY19 (6.5% IN Q4FY18)

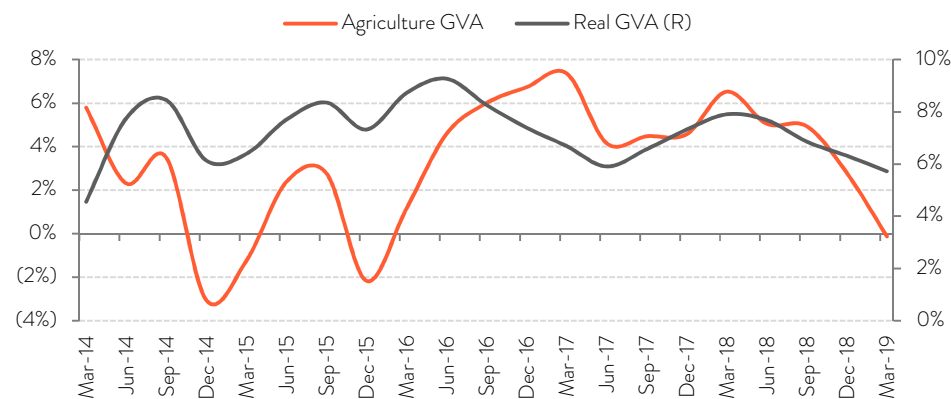


FIG 16 – STOCK OF FOODGRAINS AT 81MN TN IN JUN'19 COMPARED WITH 69MN TN IN JUN'18

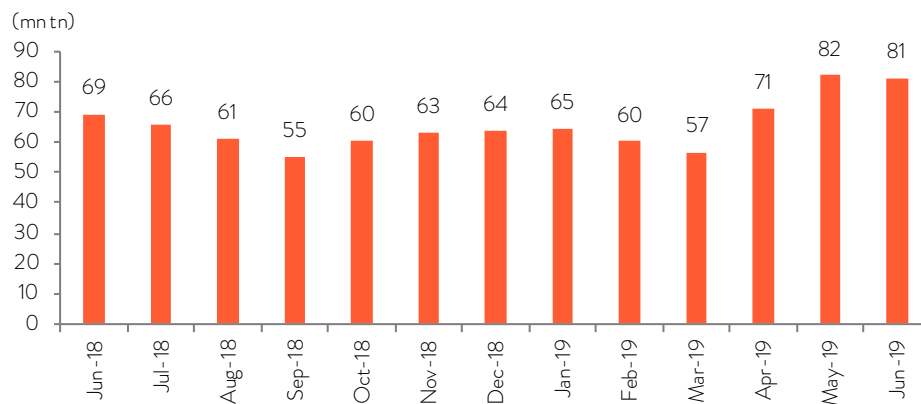
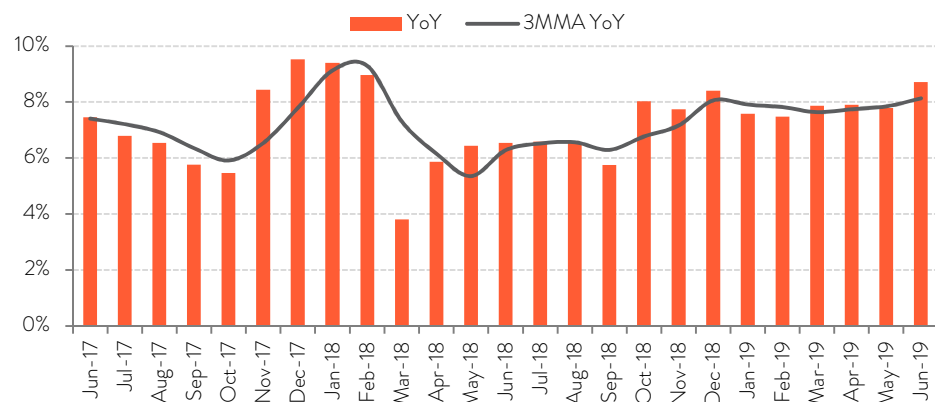
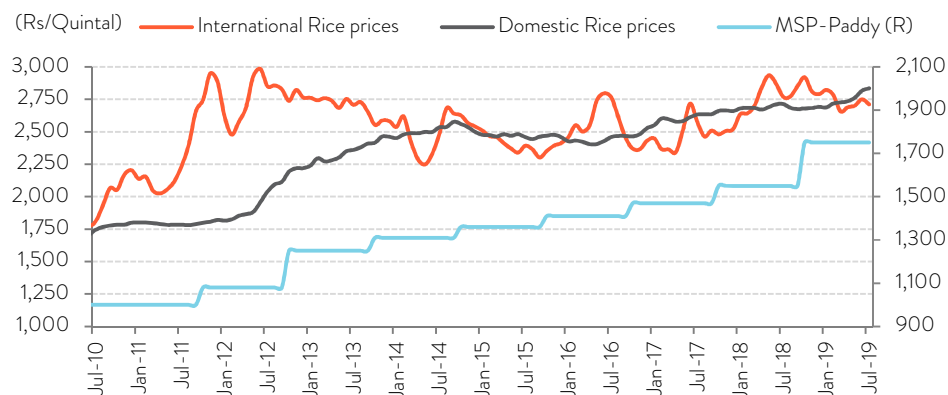


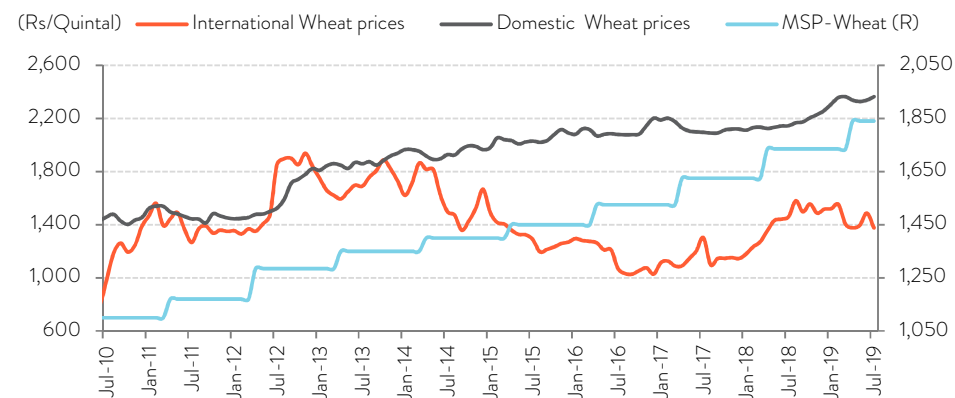
FIG 17 – GROWTH IN AGRICULTURE CREDIT IMPROVES**FIG 18 – PROCUREMENT FOR RICE IS INCREASING MUCH HIGHER THAN WHEAT**

Year	Wheat	Rice
2011-12	28.34	35.04
2012-13	38.15	34.04
2013-14	25.09	31.85
2014-15	28.02	32.04
2015-16	28.09	34.22
2016-17	22.96	38.11
2017-18	30.83	38.19
2018-19	35.80	43.57*
2019-20	34.13*	-

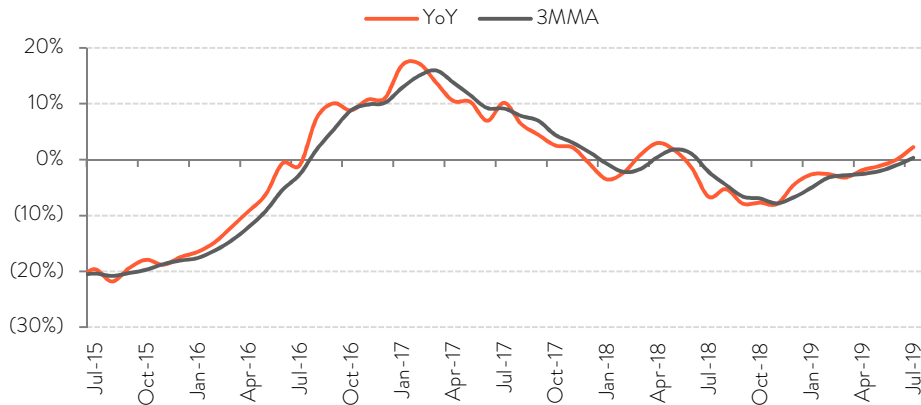
Source: Ministry of Consumer Affairs, Food and Public Distribution | *As on: 28 Jun 2019

FIG 19 – WHILE DOMESTIC PRICE OF RICE IS RISING; INTERNATIONAL RICE PRICE ARE FALLING...

Source: World Bank

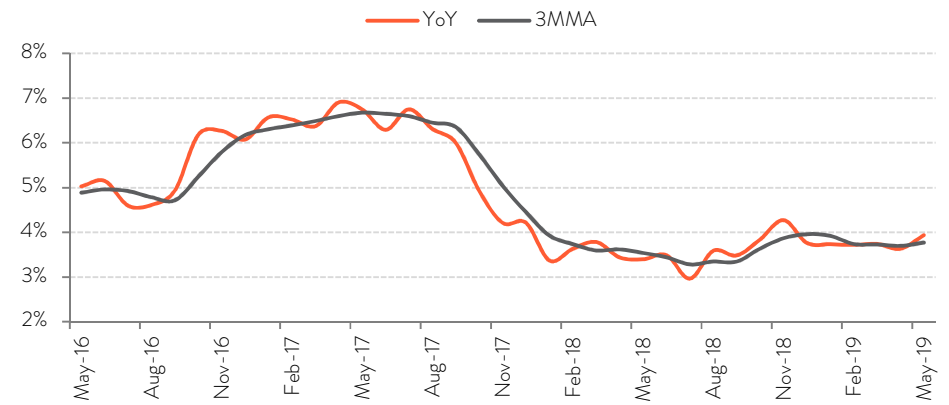
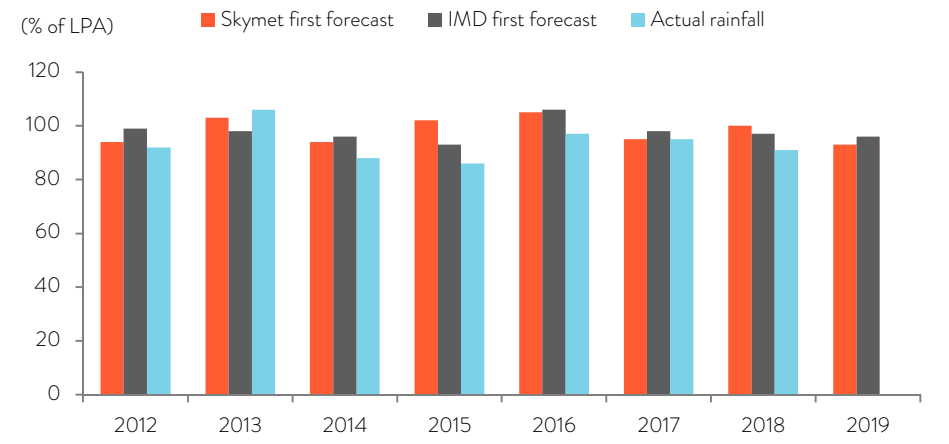
FIG 20 – ...SIMILAR PICTURE FOR WHEAT PRICES

Source: World Bank

FIG 21 – GLOBAL FOOD PRICES RISING STEADILY

FIG 23 – KHARIF SOWING CONTINUES TO LAG

Crop type (ha mn)	Normal area as on date	Area sown in 2019-20	Area sown in 2018-19	Normal area for whole Kharif season	Growth (YoY%)
Foodgrain	51.6	46.5	51.4	70.5	(9.6)
Cereals	41.3	36.0	40.1	58.5	(10.2)
Rice	26.6	22.4	25.5	39.6	(12.5)
Pulses	10.3	10.5	11.4	12.0	(7.6)
Oilseeds	15.5	14.9	15.7	18.2	(5.1)
Cotton	10.8	11.5	11.0	12.1	4.9
Sugarcane	4.8	5.2	5.5	4.8	(5.7)
Jute and Mesta	0.7	0.7	0.7	0.8	(5.1)
Total	83.3	78.9	84.4	106.4	(6.6)

Note: Data as on 2 Aug 2019

FIG 22 – RURAL WAGES (MEN) RISES IN MAY'19

FIG 24 – NEAR NORMAL MONSOON PREDICTED IN 2019


Source: IMD

Inflation

FIG 25 – RETAIL INFLATION ROSE TO ITS 8-MONTH HIGH OF 3.2% IN JUN'19 VS 3% IN MAY'19 LED BY FOOD

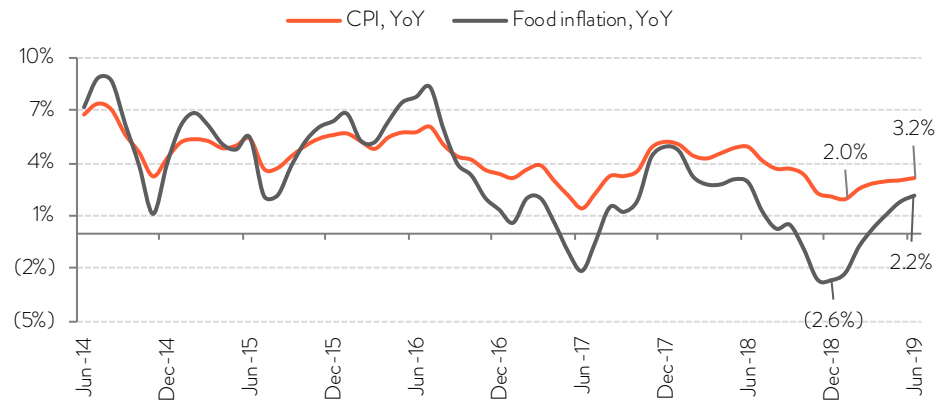
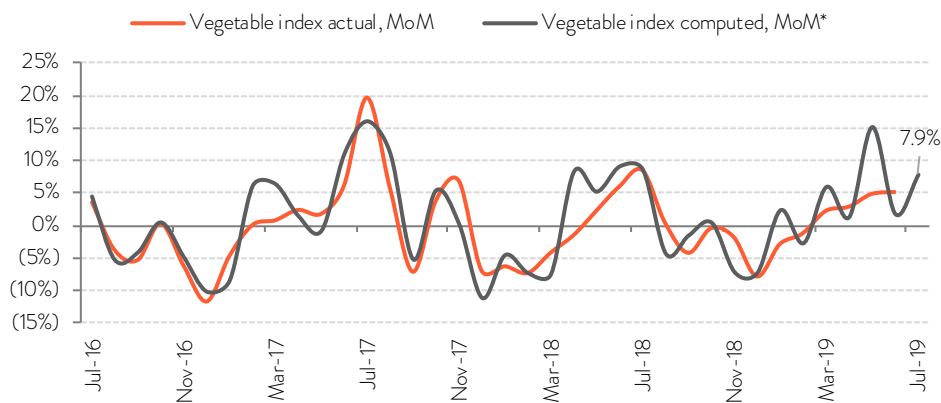


FIG 27 – ... VEGETABLE PRICES ALSO INCREASED BY 7.9% IN JUL'19 ON MOM BASIS



Source: NHB | *Vegetable index computed using average retail price of major items

FIG 26 – ...FIRMING UP OF PULSES & PROTEIN ITEM PRICES DROVE FOOD INFLATION HIGHER (2.2% IN JUN'19 VS 1.8% IN MAY'19)

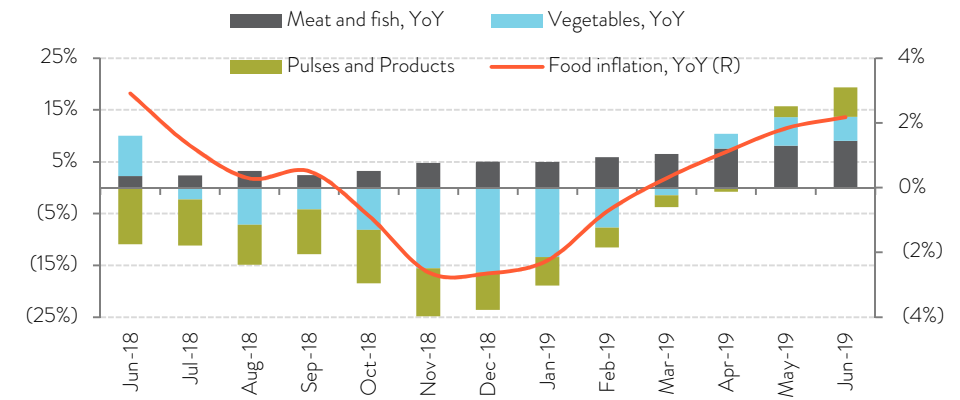


FIG 28 – CORE INFLATION DIPPED TO A 23-MONTH LOW OF 4.1% IN JUN'19 COMPARED WITH 4.2% IN MAY'19

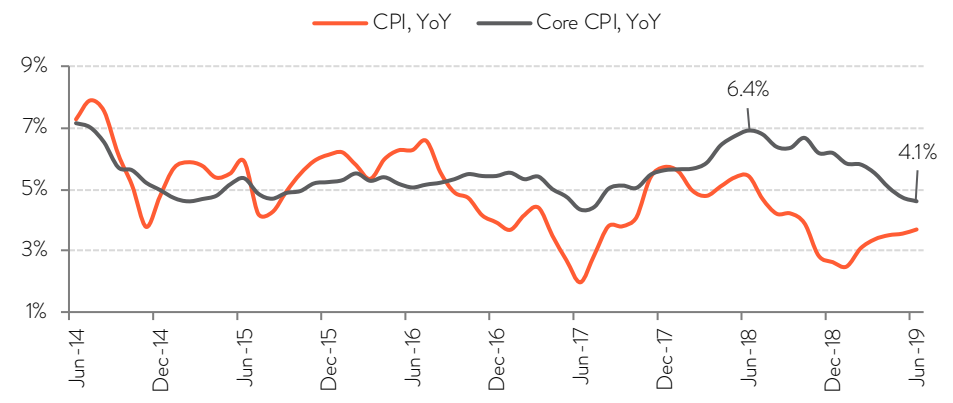


FIG 29 – ...LED BY SHARP DECELERATION IN TRANSPORT & COMMUNICATION COMPONENT

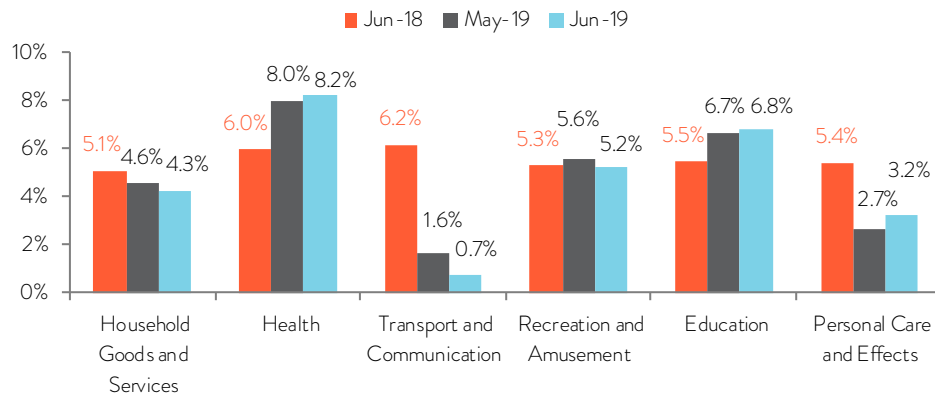


FIG 31 – CPI EXCL VOLATILE COMPONENTS SUCH AS VEG, PULSES AND HOUSING WAS STABLE AT 2.7% IN JUN'19

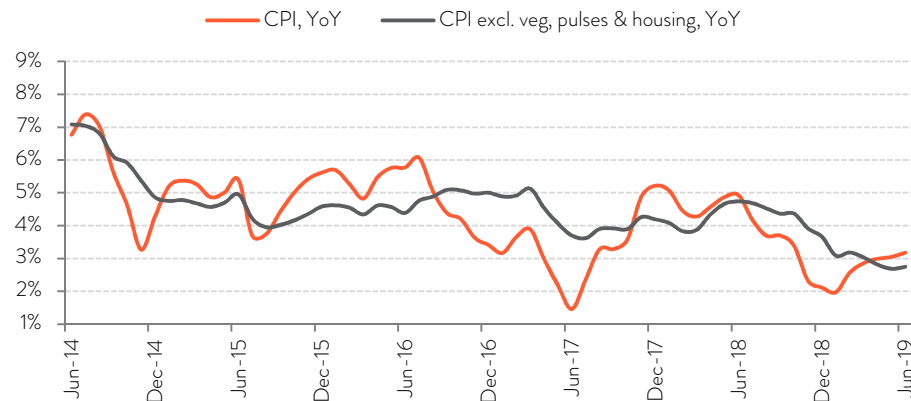
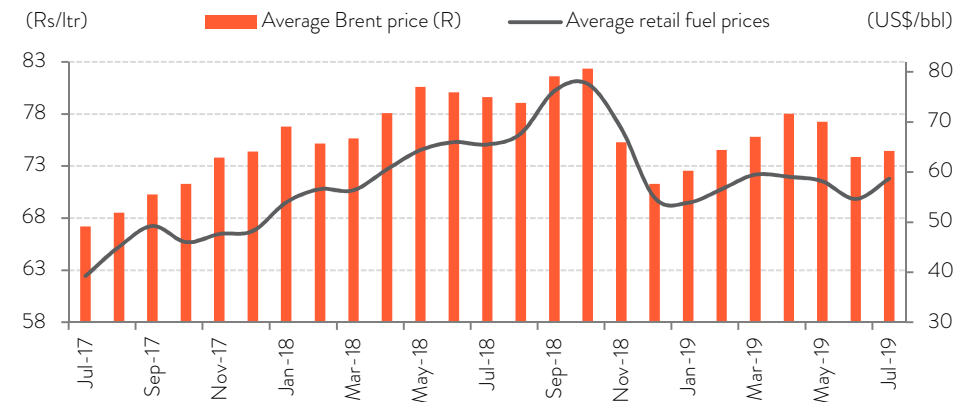
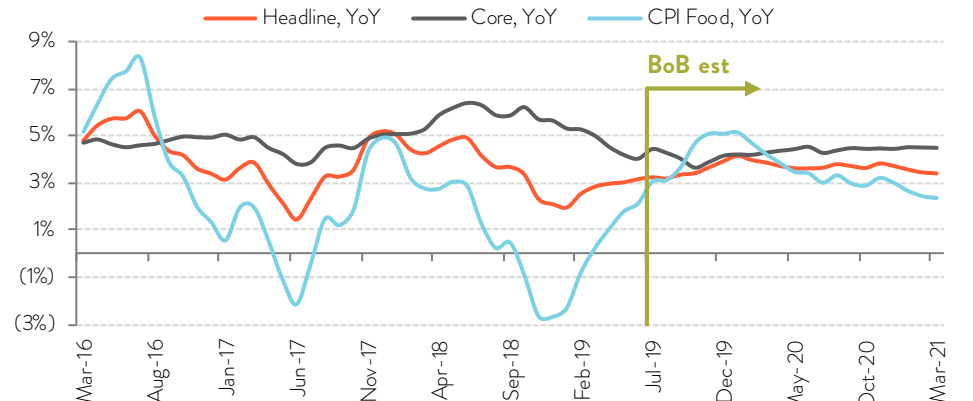


FIG 30 – RETAIL FUEL PRICES ROSE TO RS 72/LT IN JUL'19 VS RS 70 IN JUN'19



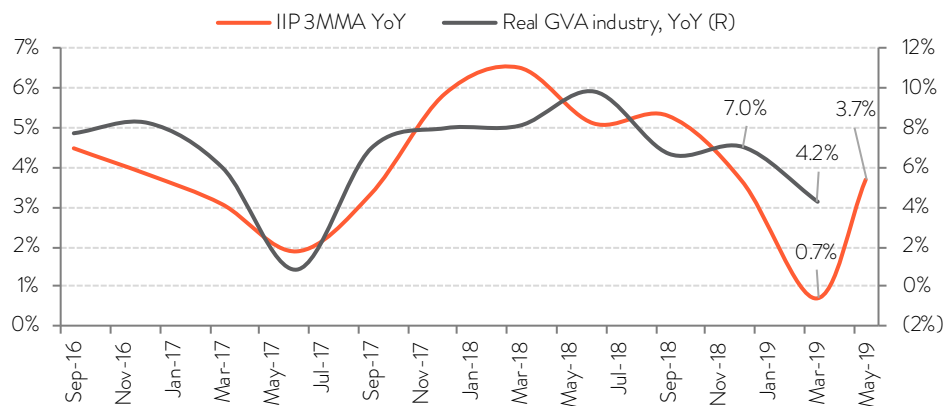
Note: *Average retail price of Delhi, Kolkata, Mumbai and Chennai

FIG 32 – HEADLINE CPI IS EXPECTED TO BE AT 3.5% & 3.7% IN FY20/ 21, BELOW MPC'S 4% TARGET



Industry

FIG 33 – INDUSTRIAL OUTPUT TO BE BETTER THAN LAST QUARTER



Note: IIP for Apr-May'19 is on a YoY basis

FIG 34 – GROWTH IN ELECTRICITY IMPROVED, BUT SLIPPED FOR OTHER SECTORS IN MAY'19

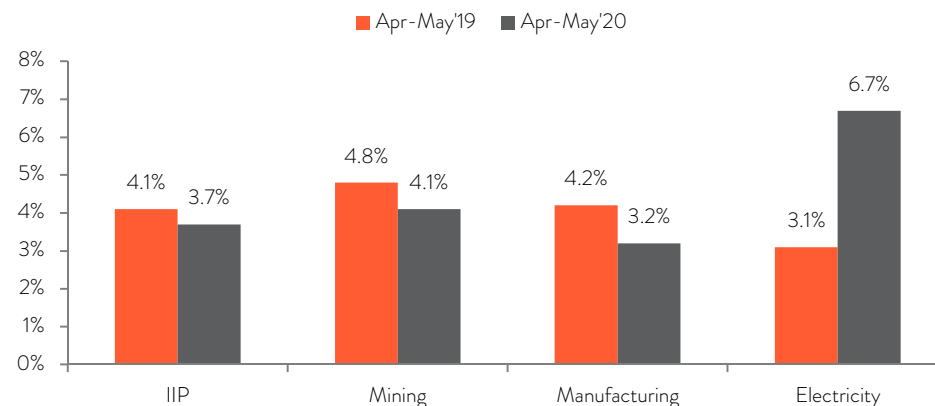


FIG 35 – PRIMARY GOODS PUSHED IIP DOWN

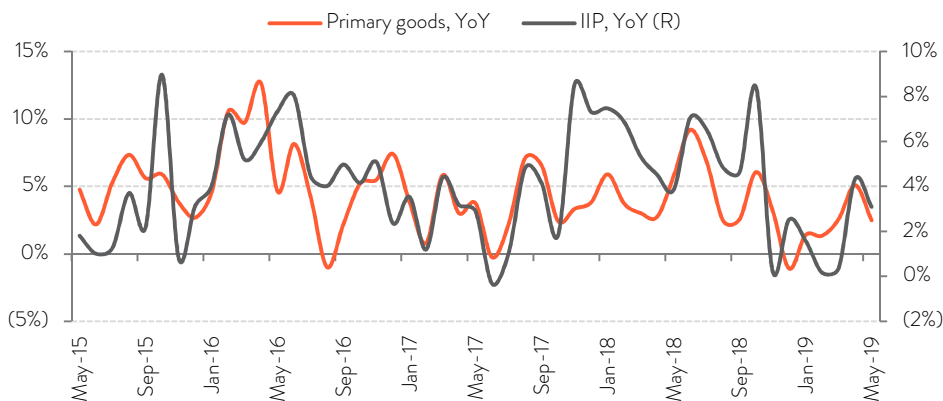


FIG 36 – CONSUMER DURABLES GOODS TOO DOING THE SAME

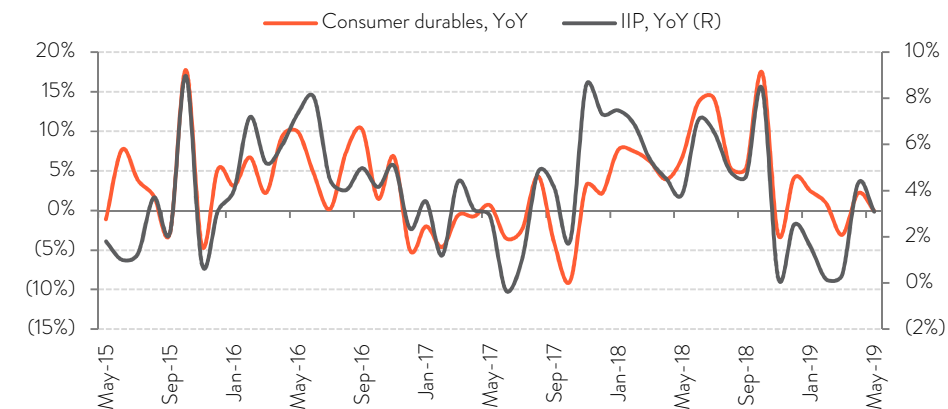
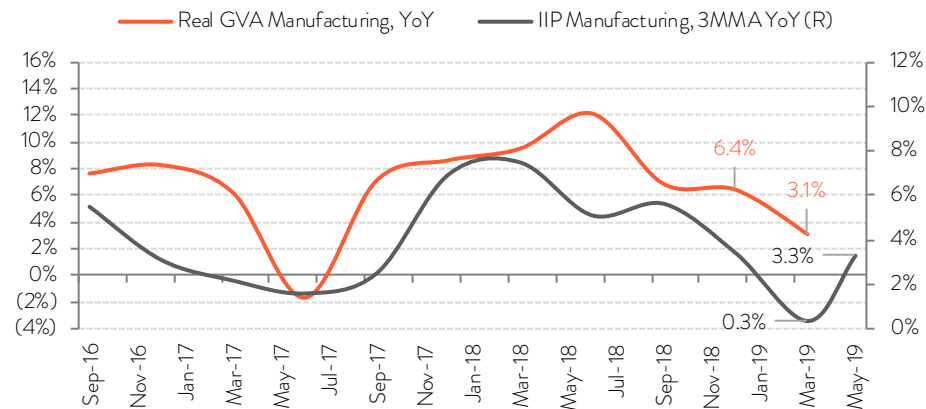


FIG 37 – INDUSTRIAL PRODUCTION EASES IN MAY'19

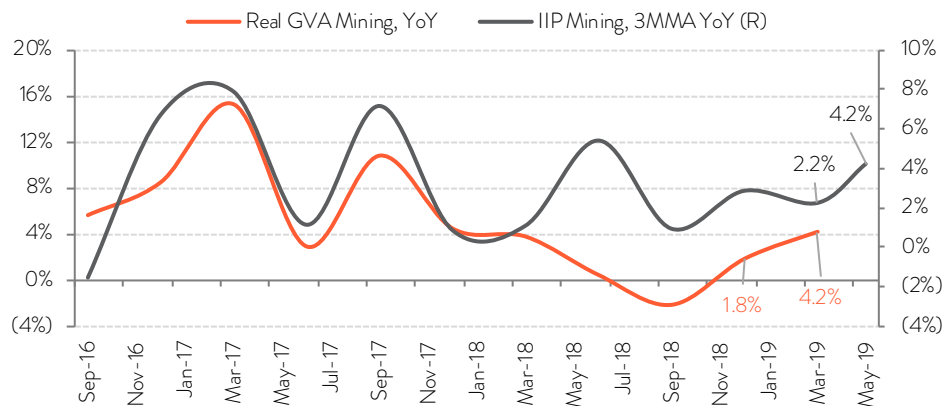
Sectoral (%)	Weight	May-19	Apr-19	May-18	Apr-May'19	Apr-May'18
IIP	100.0	3.1	4.3	3.8	3.7	4.1
Mining	14.4	3.2	5.1	5.8	4.1	4.8
Manufacturing	77.6	2.5	4.0	3.6	3.2	4.2
Electricity	8.0	7.4	6.0	4.2	6.7	3.1
Use-Based						
Primary Goods	34.1	2.5	5.1	5.7	3.7	4.3
Capital Goods	8.2	0.8	1.2	6.4	1.0	8.1
Intermediate Goods	17.2	0.6	1.9	0.1	1.2	0.2
Infrastructure and Construction Goods	12.3	5.5	7.2	7.6	6.4	8.1
Consumer Durables Goods	12.8	(0.1)	2.2	6.7	1.0	5.4
Consumer Non-Durables Goods	15.3	7.7	5.9	(1.6)	6.9	2.6

Manufacturing

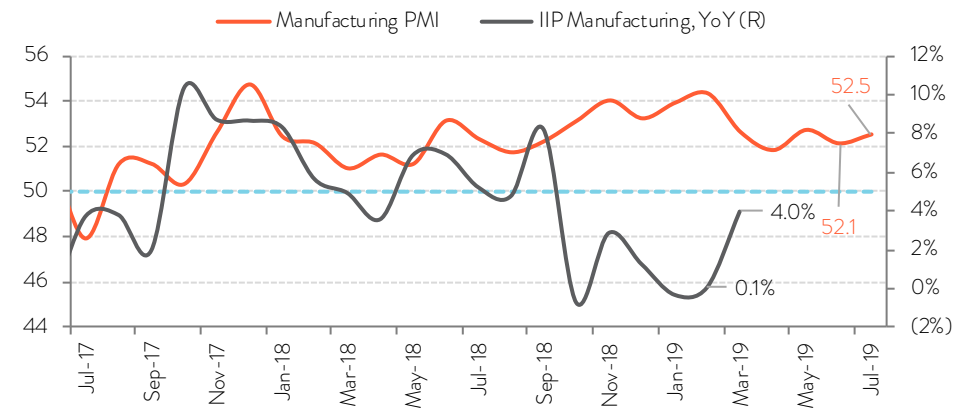
FIG 38 – MANUFACTURING ACTIVITY TO BE BETTER IN Q1FY20


Note: IIP for Apr-May'19 is on a YoY basis

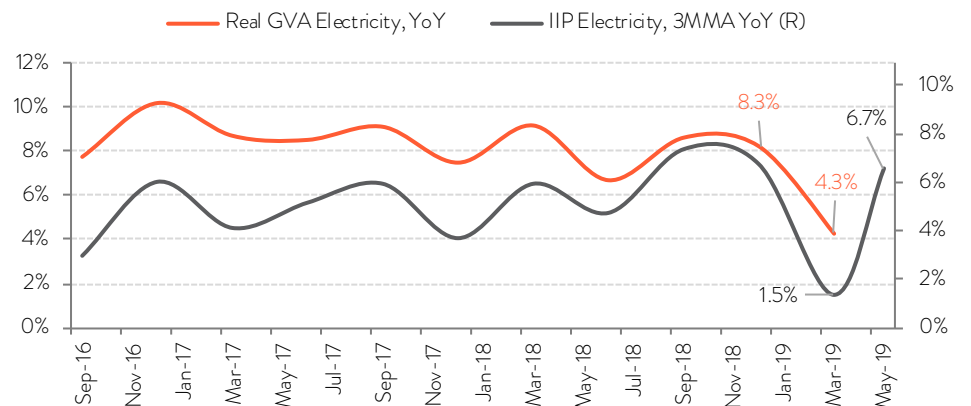
Mining & Electricity

FIG 40 – MINING ACTIVITY IMPROVED IN APR'19, BUT SLIPPED IN MAY'19


Note: IIP for Apr-May'19 is on a YoY basis

FIG 39 – MANUFACTURING PMI STRENGTHEN IN JUL'19


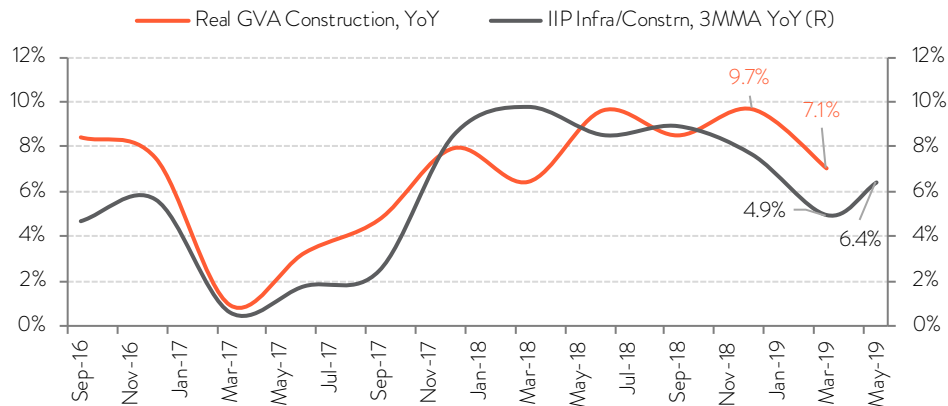
Source: Markit

FIG 41 – ELECTRICITY OUTPUT IS LOOKING UP


Note: IIP for Apr-May'19 is on a YoY basis

Infrastructure and Construction

FIG 42 – GROWTH IN CONSTRUCTION SECTOR IMPROVES IN APR'19 BUT EASES IN MAY'19



Note: IIP for Apr-May'19 is on a YoY basis

Infrastructure Index

FIG 44 – GROWTH IN INFRA INDEX SLIPS IN JUN'19

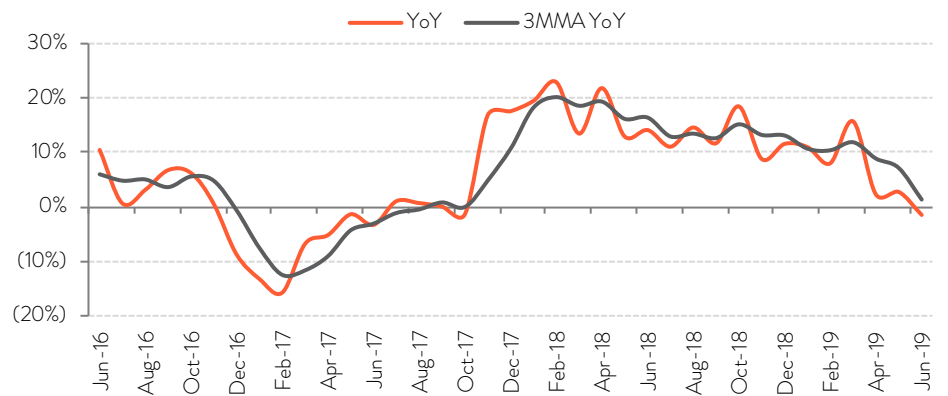


FIG 43 – CEMENT PRODUCTION DECLINES IN JUN'19

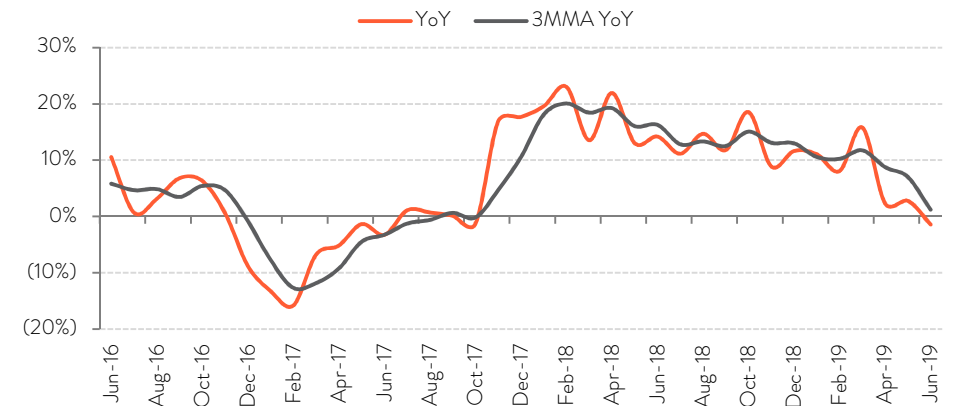
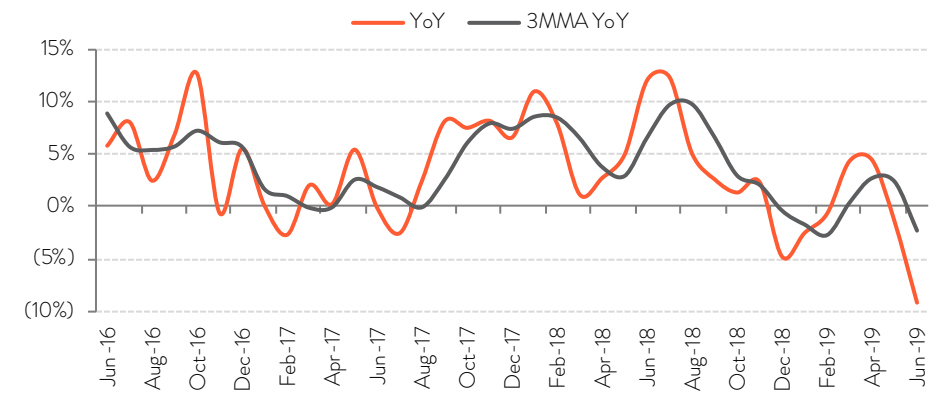


FIG 45 – PETROLEUM REFINERY PRODUCTION CONTINUES TO DECLINE FURTHER



Auto production & Business expectation index

FIG 46 – AUTO PRODUCTION DROPS AGAIN IN JUN'19

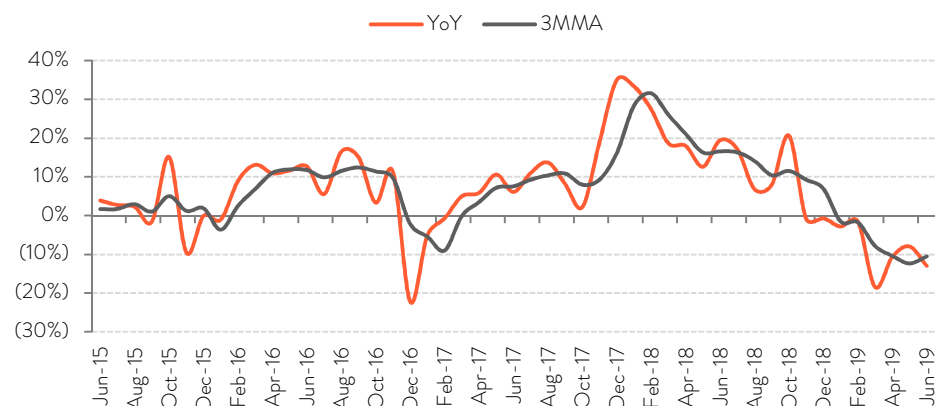


FIG 47 – BUSINESS SENTIMENT SEEMS LESS OPTIMISTIC

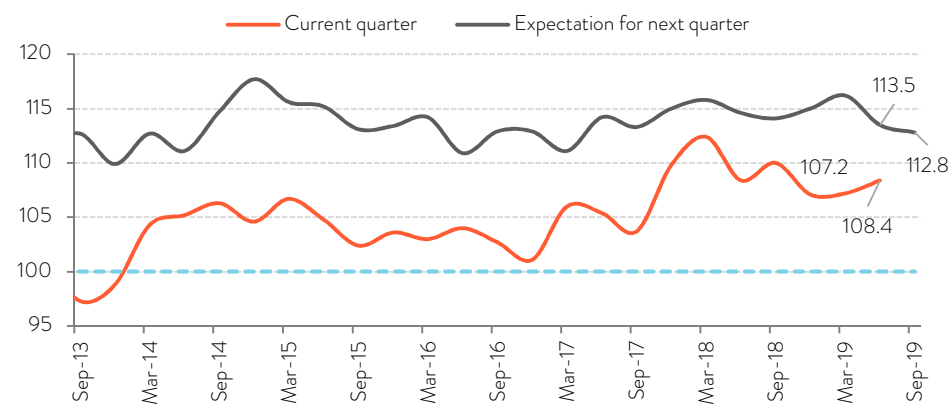


FIG 48 – INFRASTRUCTURE INDEX SLUMPS

(%)	Weight	Jun-19	May-19	Apr-19	Jun-18
Infrastructure Index	100	0.2	4.3	6.3	7.8
Coal	10.3	3.2	1.9	3.2	11.5
Crude Oil	9.0	(6.8)	(6.9)	(6.7)	(3.4)
Natural Gas	6.9	(2.1)	0	(0.8)	(2.7)
Petroleum Refinery Products	28.0	(9.3)	(1.5)	4.3	12.1
Fertilizers	2.6	1.5	(1.0)	(4.4)	1.0
Steel	17.9	6.9	15.3	19.0	4.2
Cement	5.4	(1.5)	2.8	2.3	14.2
Electricity	19.9	7.3	7.4	5.9	8.4

Investment

FIG 49 – REAL GFCF DECLINED SHARPLY TO 3.6% IN Q4FY19 VS 11.7% Q3FY19 IMPACTING GDP GROWTH

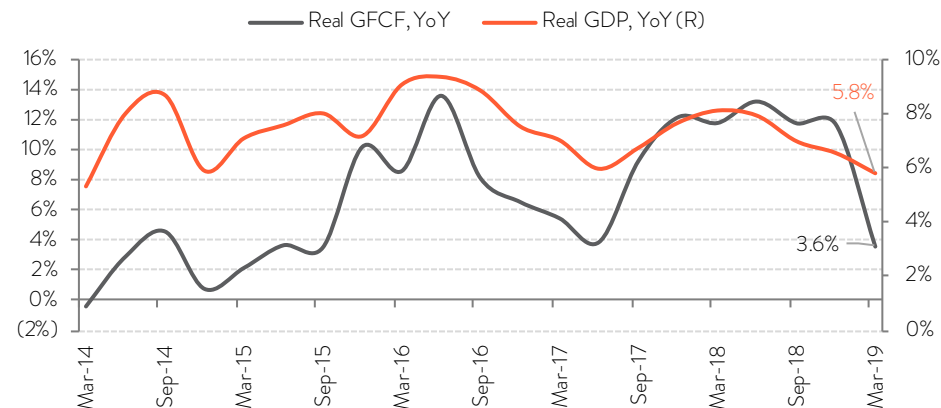


FIG 51 – CAPACITY UTILISATION HAS ALSO PICKED UP SHARPLY TO 77%, FAR ABOVE LONG PERIOD AVERAGE

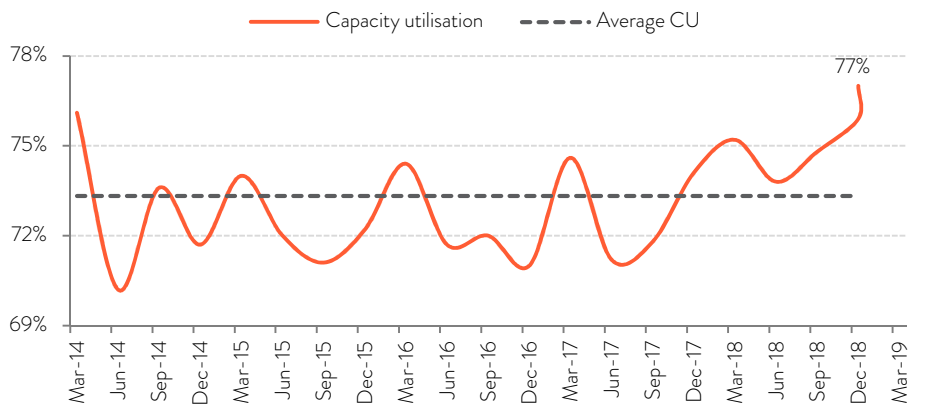
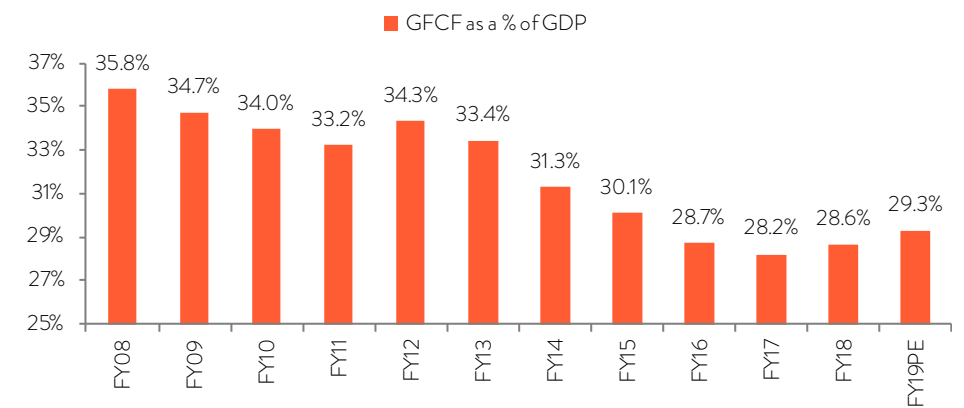


FIG 50 – ...HOWEVER FOR FY19, GFCF AS A % OF GDP INCHED UP SLIGHTLY TO 29.3% VS 28.6% IN FY18



PE: Provisional Estimates

FIG 52 – PLF OF GOVT. THERMAL PLANTS HAS MODERATED IN JUN'19, PLF OF PRIVATE THERMAL PLANTS HOWEVER REMAINED STABLE

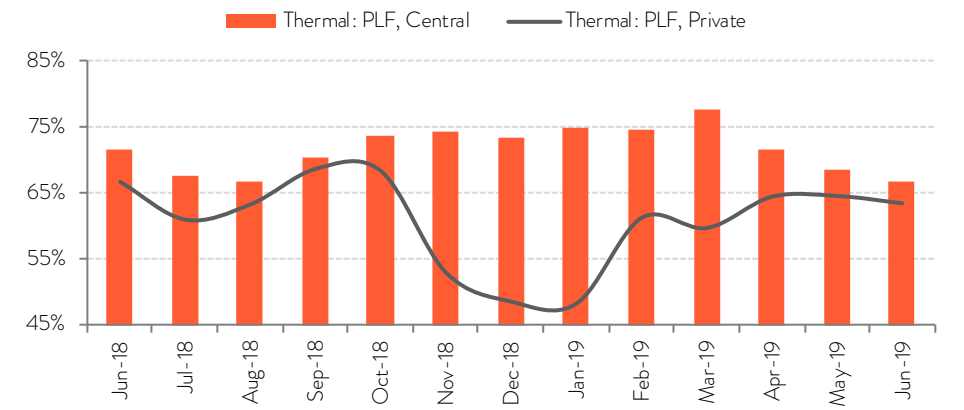


FIG 53 – CAPITAL GOODS PRODUCTION REMAINED MUTED AT 0.8% IN MAY'19 VS 1.2% IN APR'19 ON YOY BASIS

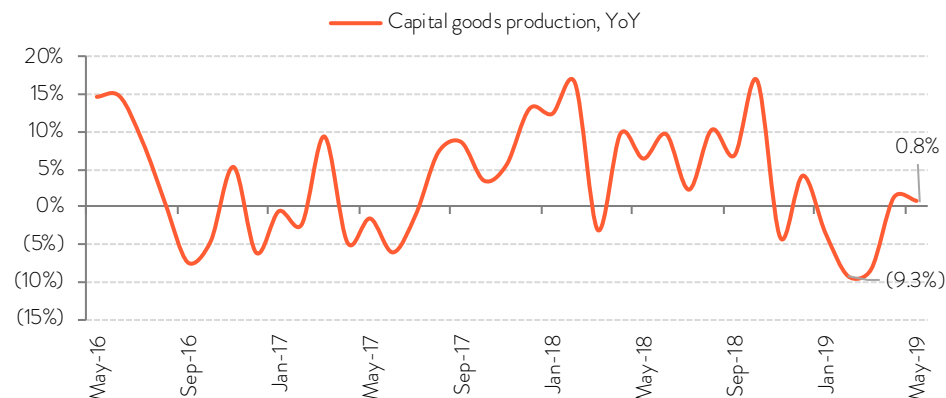


FIG 54 – CAPITAL GOODS IMPORT ALSO DECLINED BY (-) 14% IN JUN'19 VS 1.5% GROWTH IN MAY'19

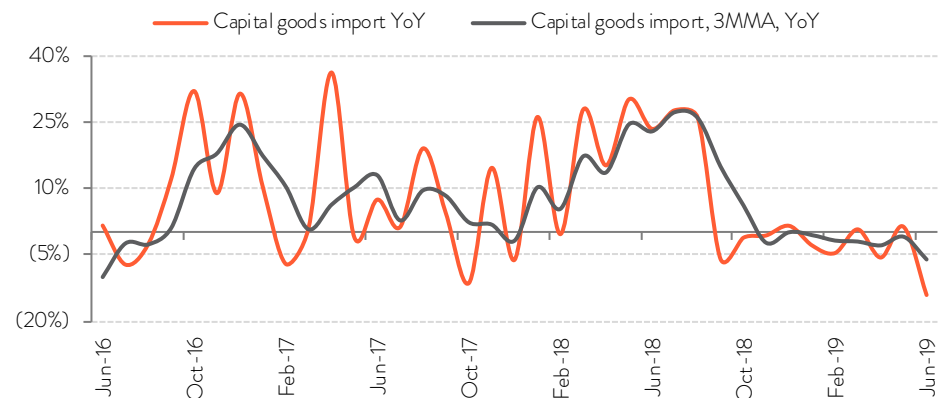


FIG 55 – CENTRAL GOVERNMENT'S CAPEX CONTINUED TO REMAIN BENIGN AT (-) 0.8% IN JUN'19 VS 4.8% IN MAY'19

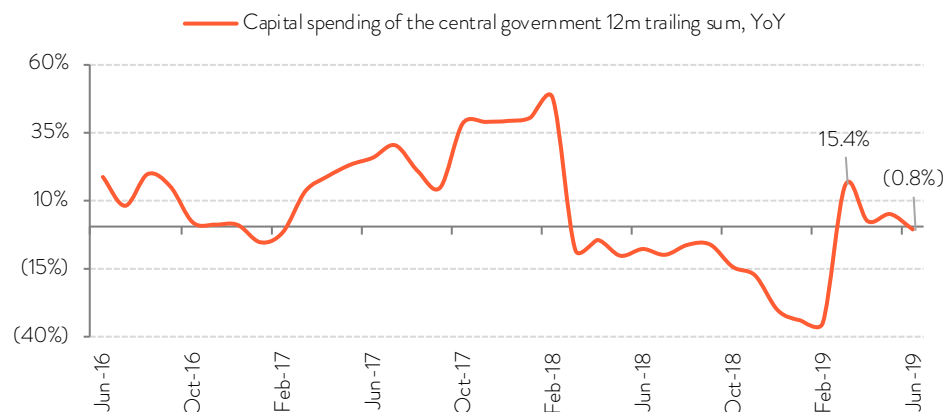


FIG 56 – INDUSTRY CREDIT REMAINED STABLE AT 6.4% IN JUN'19

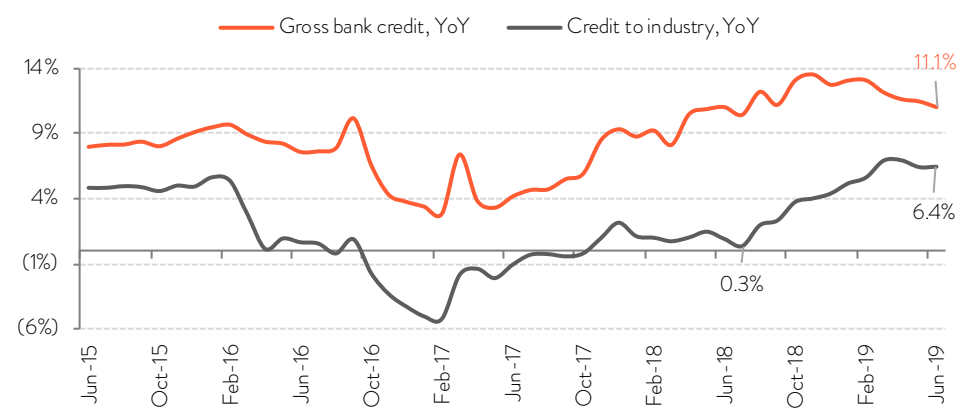


FIG 57 – HOWEVER, CREDIT TO INFRA MODERATED SLIGHTLY TO 15.2% IN JUN'19 VS 17.9% IN MAY'19

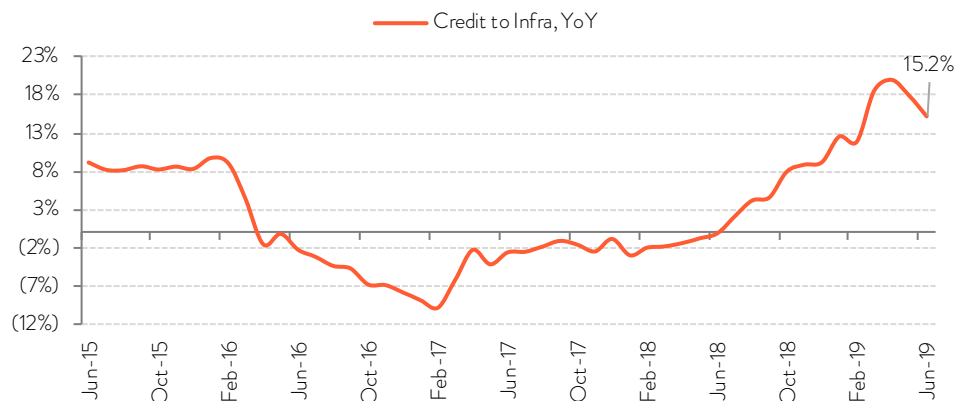


FIG 58 – CREDIT OFFTAKE TO HOUSING HAS BEEN ROBUST AT 18.2% IN JUN'19 ON 6MMA, YOY BASIS

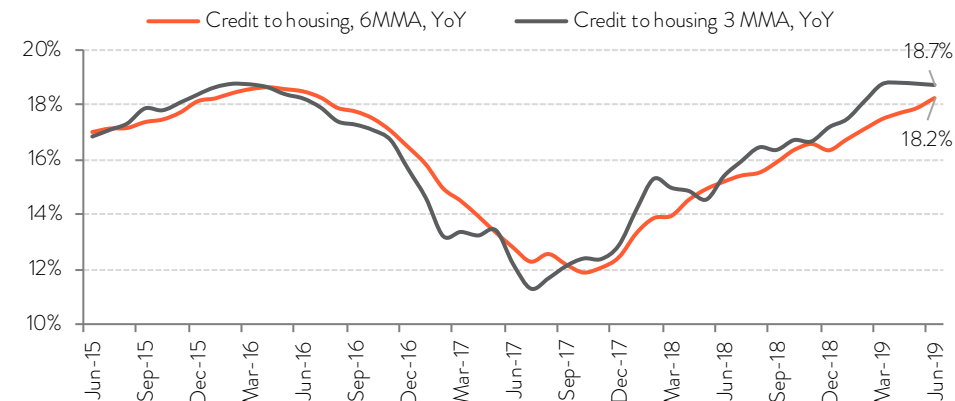
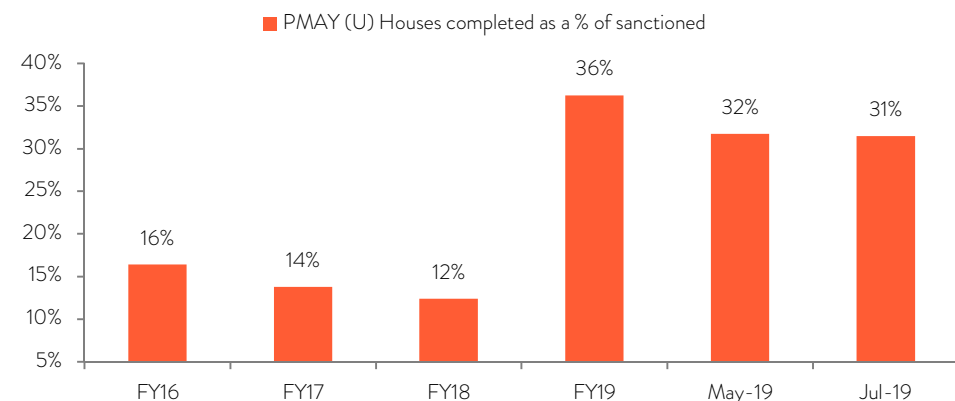
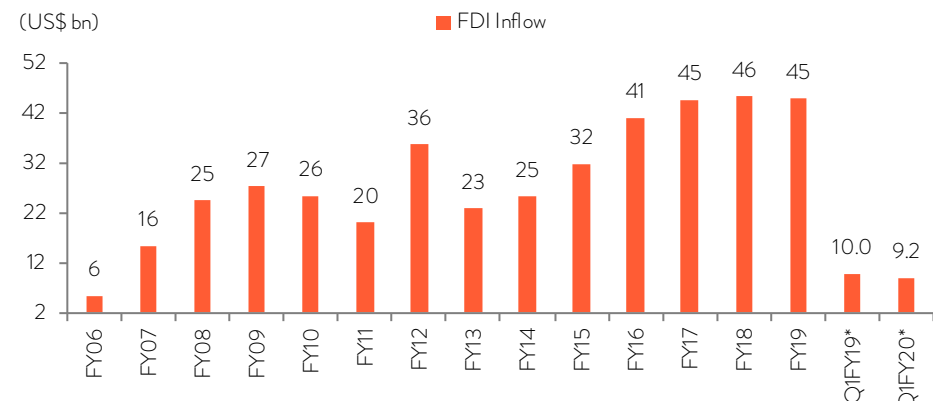


FIG 59 – AFFORDABLE HOUSING IS GIVING A PUSH TO HOUSING DEMAND



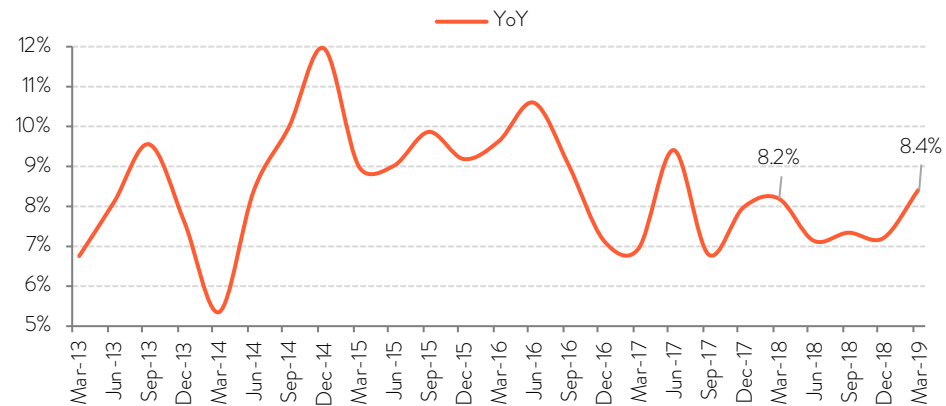
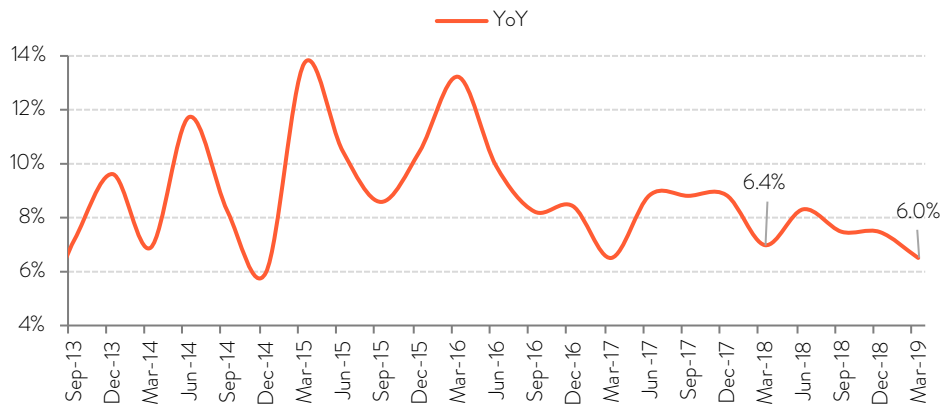
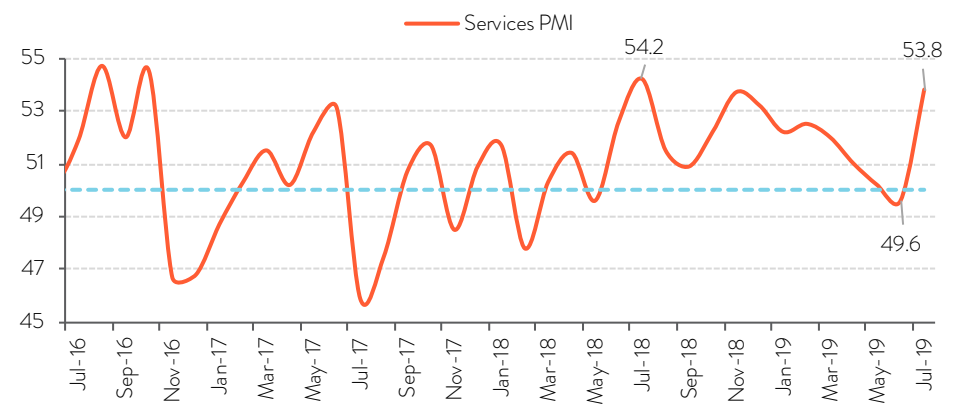
Source: MOHUA

FIG 60 – FDI INFLOWS IN APR-MAY 2019 MODERATED SLIGHTLY TO US\$ 9.2BN VS US\$ 10BN IN THE SAME PERIOD OF PREVIOUS YEAR

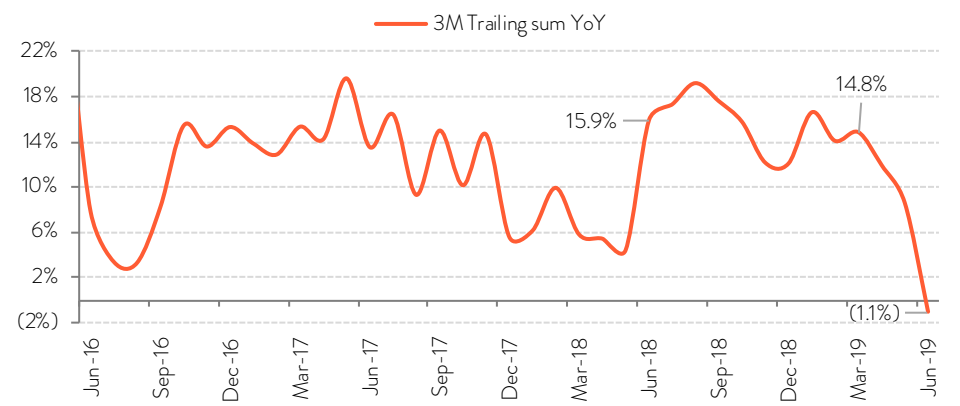


Source: RBI, *Apr-May

Services sector

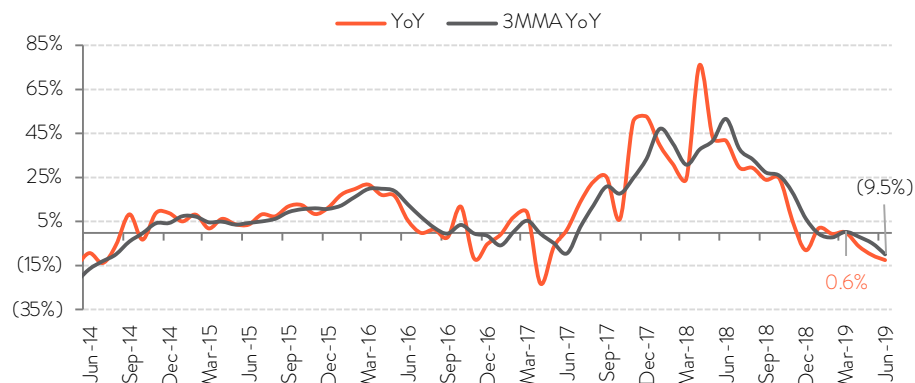
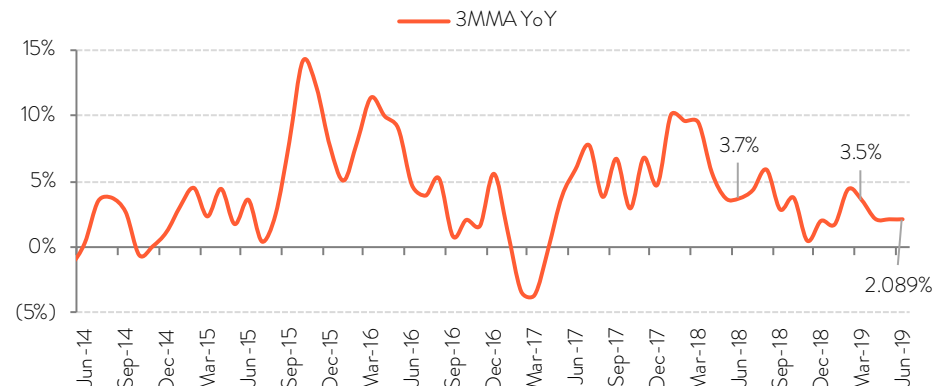
FIG 61 – GVA: SERVICES ACTIVITY GROWTH TICKS UP IN Q4FY19

FIG 63 – GVA: TRADE & RELATED SERVICES GROWTH REMAINED MUTED IN Q4FY19

FIG 62 – SERVICES PMI REBOUNDS STRONGLY IN JUL'19


Source: Markit

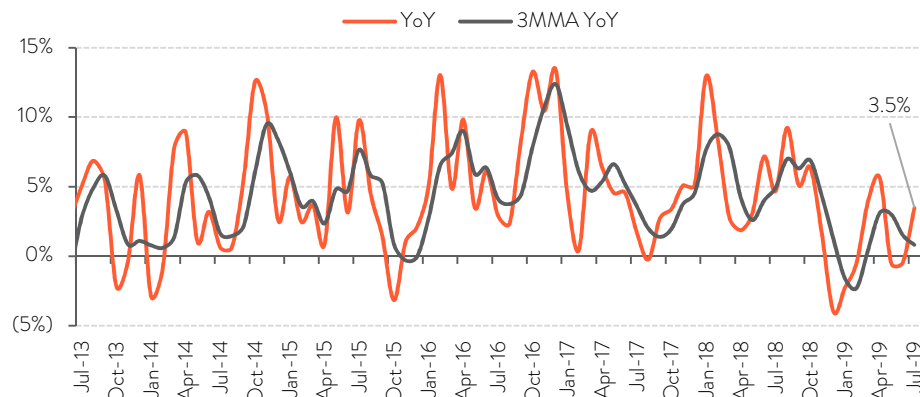
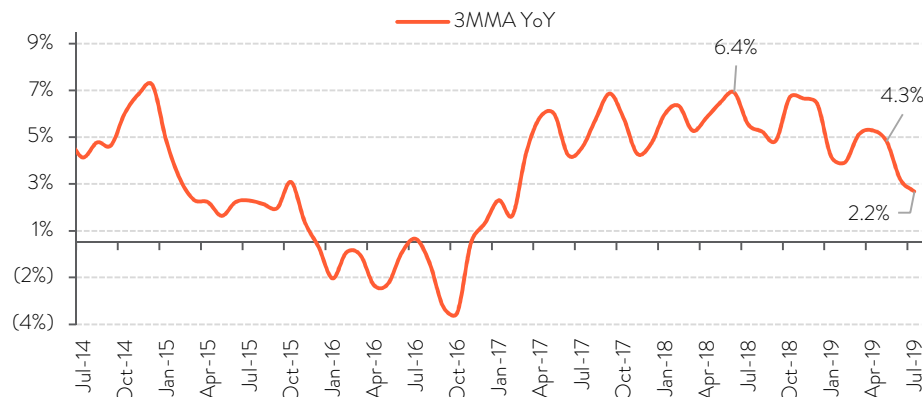
FIG 64 – STATES* REVENUE SLIPS SHARPLY IN Q1FY20


Note: *All states excluding N.E states, Bihar, Goa, Karnataka and Uttarakhand

Trade

FIG 65 – COMMERCIAL VEHICLE SALES DIP SHARPLY IN Q1FY20**FIG 66 – DIESEL CONSUMPTION IN Q1FY20 LOWER THAN LAST QUARTER**

Source: PPAC

FIG 67 – PORT CARGO VOLUMES IMPROVED IN JUL'19**FIG 68 – ...BUT RAILWAY FREIGHT TRAFFIC REMAINED SUBDUED IN JUL'19 AS WELL**

Hotels and Communications

FIG 69 – FOREIGN TOURIST ARRIVAL GROWTH IMPROVES IN JUN'19 VS Q4...

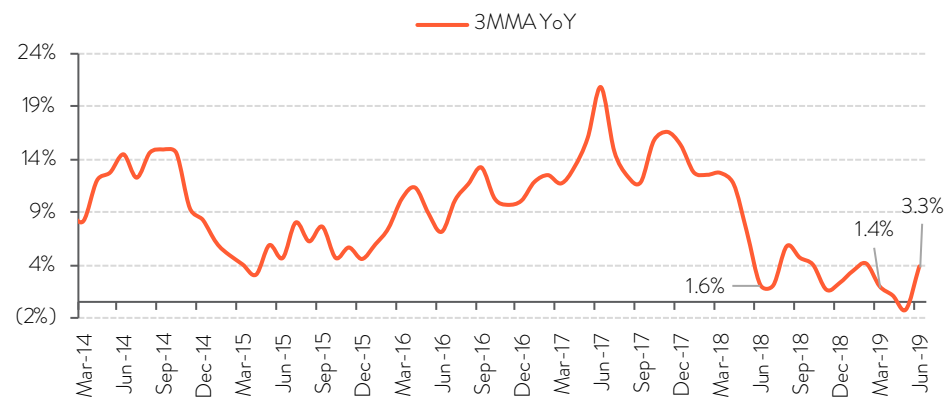


FIG 70 – ...YET AIRLINE PASSENGER TRAFFIC GROWTH DIPS TO MULTI-YEAR LOW IN Q1FY20

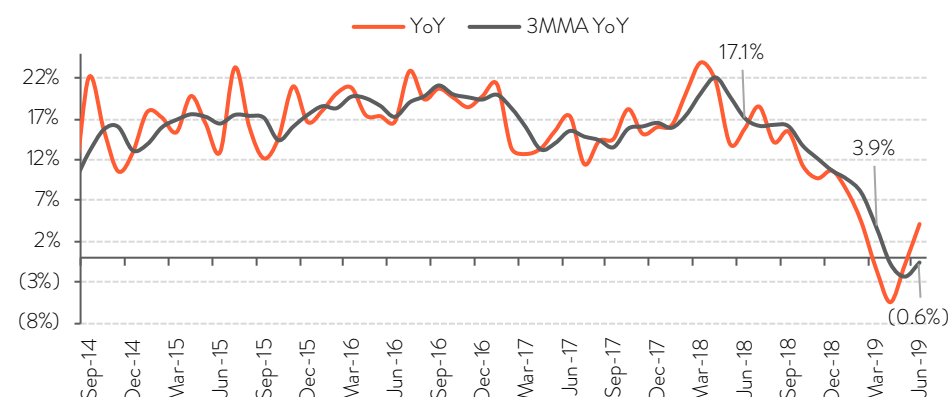


FIG 71 – RAILWAY PASSENGER TRAFFIC GROWTH REMAINED MUTED IN JUL'19

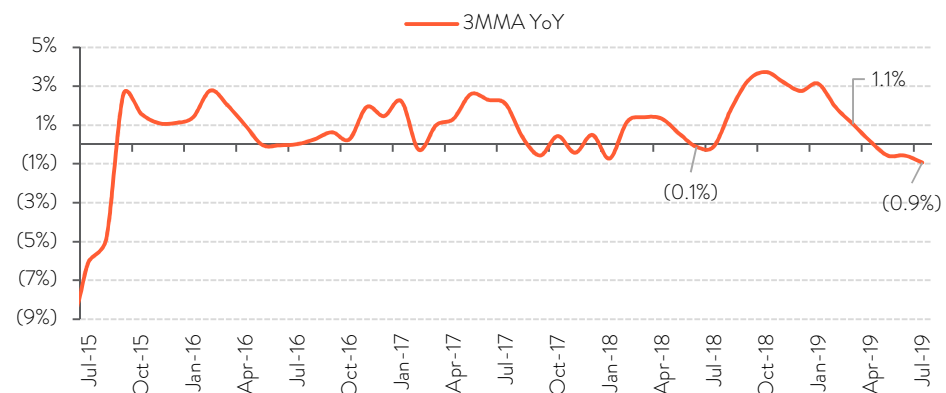
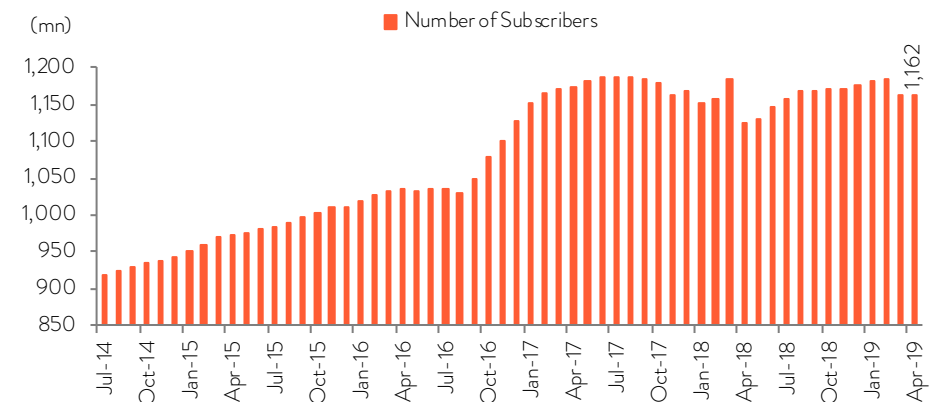


FIG 72 – WIRELESS SUBSCRIBERS STEADY AT 1.16BN IN MAY'19



Finance and Real estate

FIG 73 – GVA: FINANCE, REAL ESTATE & PROF. SERVICES CONTRIBUTED POSITIVELY TO SERVICES GROWTH IN Q4FY19

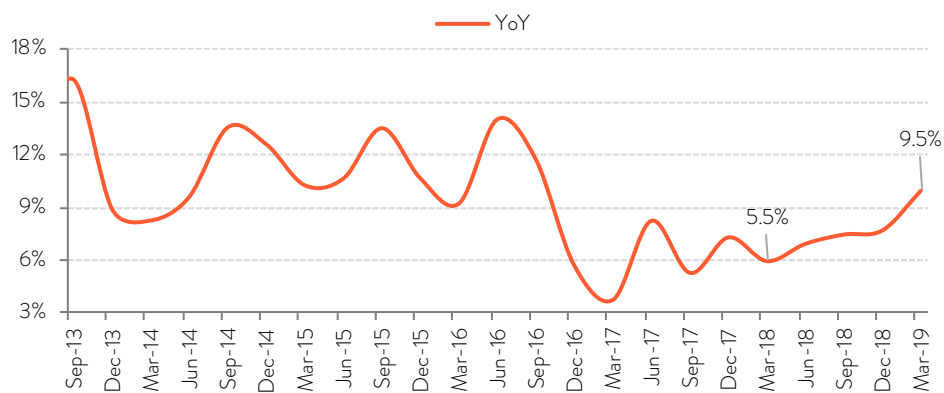


FIG 74 – CREDIT GROWTH DECLINING SINCE FEB'19; DEPOSIT GROWTH STEADY IN JUL'19

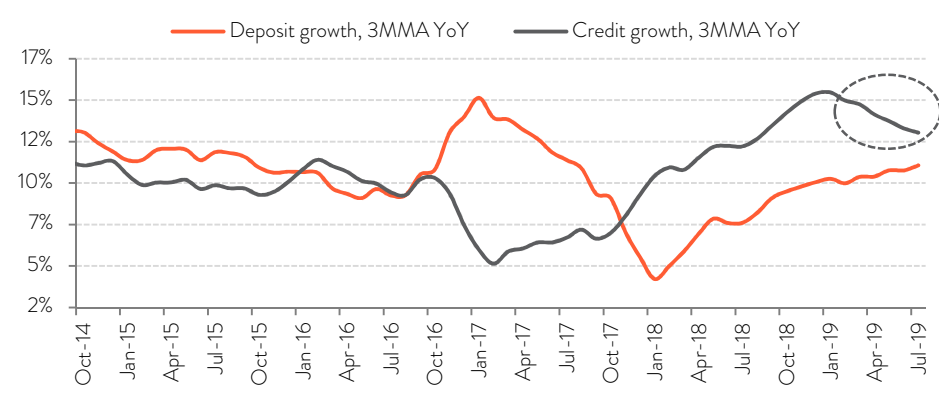


FIG 75 – CREDIT TO SERVICES CONTINUES TO LEAD MODERATION IN OVERALL CREDIT GROWTH...

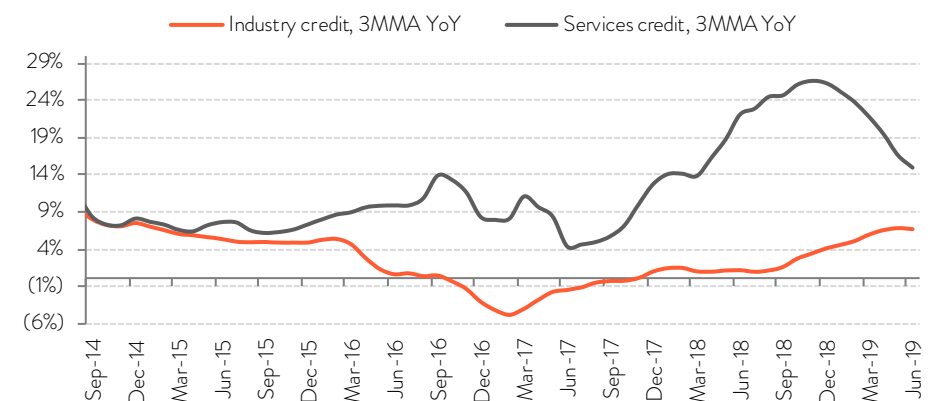


FIG 76 – ...LED BY TRADE SERVICES

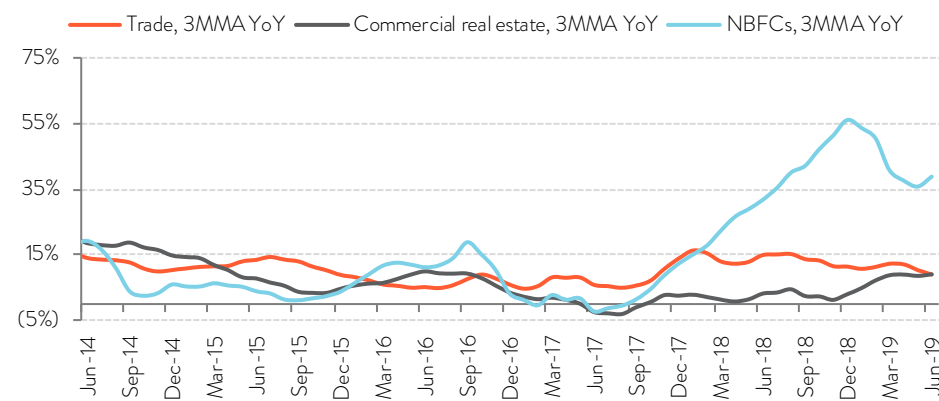
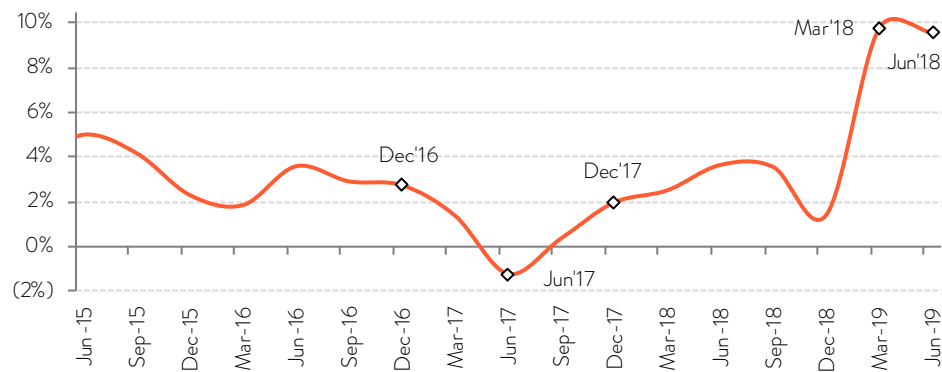
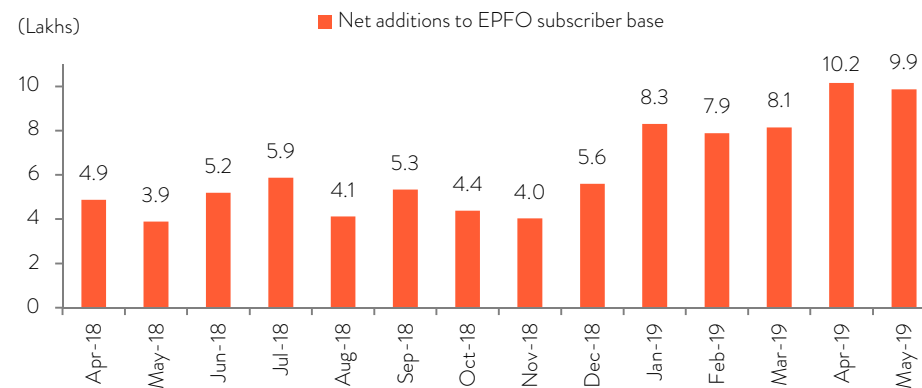


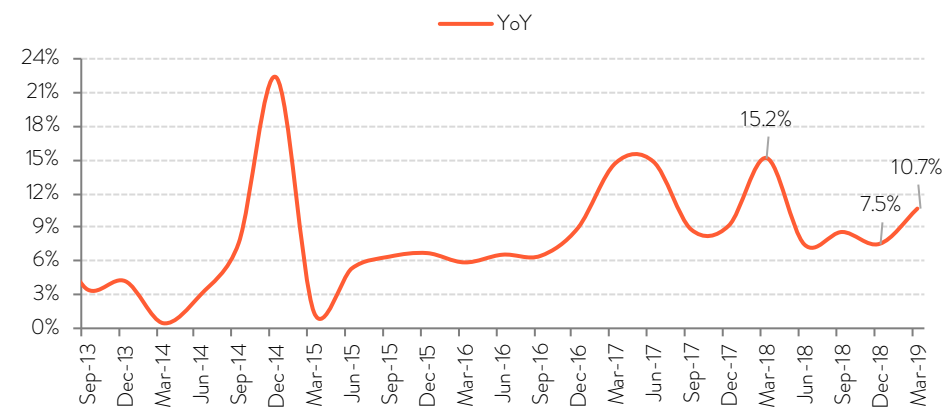
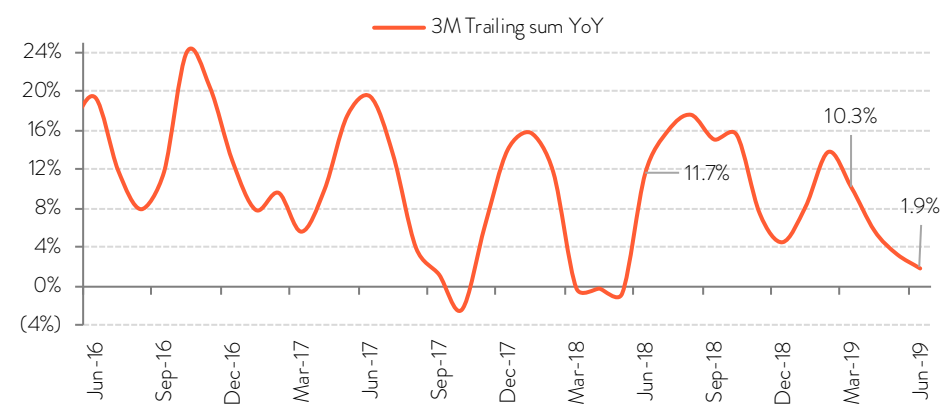
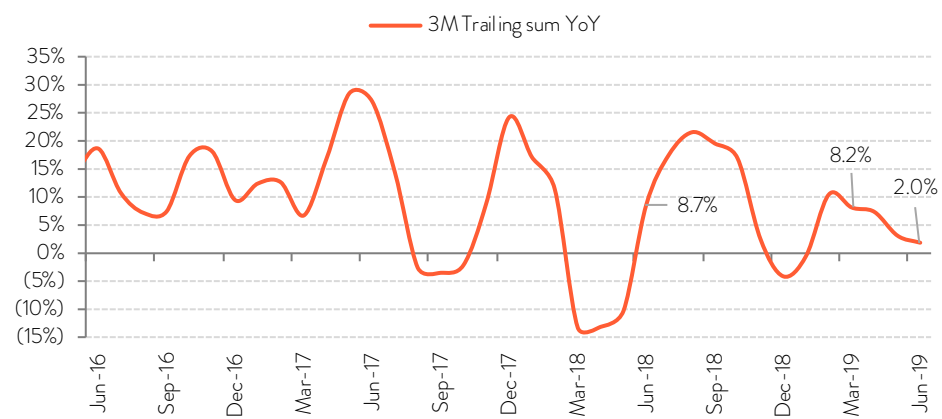
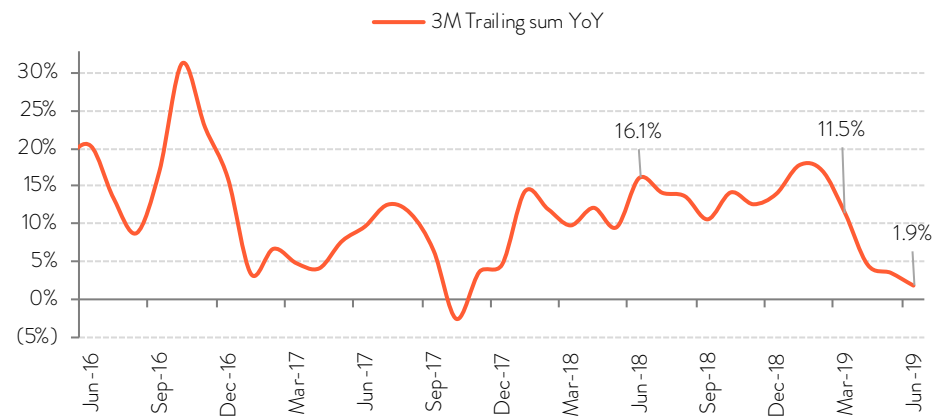
FIG 77 – AVERAGE PROPERTY PRICE INDEX* JUMPS NORMALISING IN JUN'19

Source: *Index for Delhi-NCR, Mumbai & Bangalore; using Colliers International data for commercial property rental price (Rs/sqft)

FIG 78 – ADDITIONS IN APR-MAY'19 (20 LAKH) MUCH HIGHER THAN LAST YEAR (8.8 LAKH)

Source: EPFO

Public administration

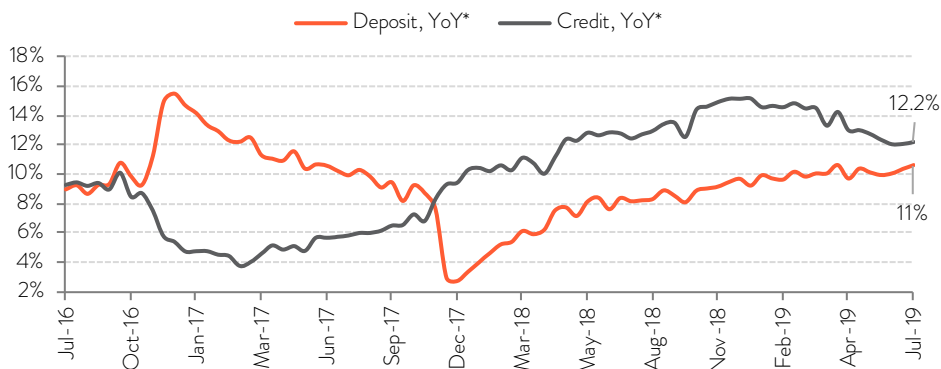
FIG 79 – PUBLIC ADMINISTRATION & RELATED SERVICES REBOUND IN Q4FY19**FIG 80 – GENERAL GOVT. SPENDING SLOWED STEEPLY IN Q1FY20...****FIG 81 – ...LED BY CENTRAL GOVT. SPENDING****FIG 82 – ...AND STATE* GOVT. SPENDING**

Note: *All states excluding N.E states, Bihar, Goa, Karnataka and Uttarakhand

Financial sector

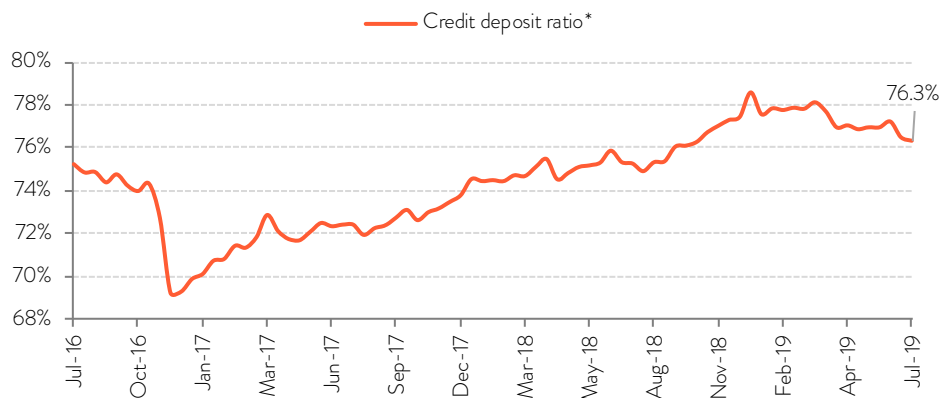
Money and banking

FIG 83 – CREDIT GROWTH PICKED UP TO 12.2% IN JUL'19 VS 12% IN JUN'19, DEPOSIT GROWTH WAS HIGHER AT 10.6% IN JUL'19 VS 10% IN JUN'19



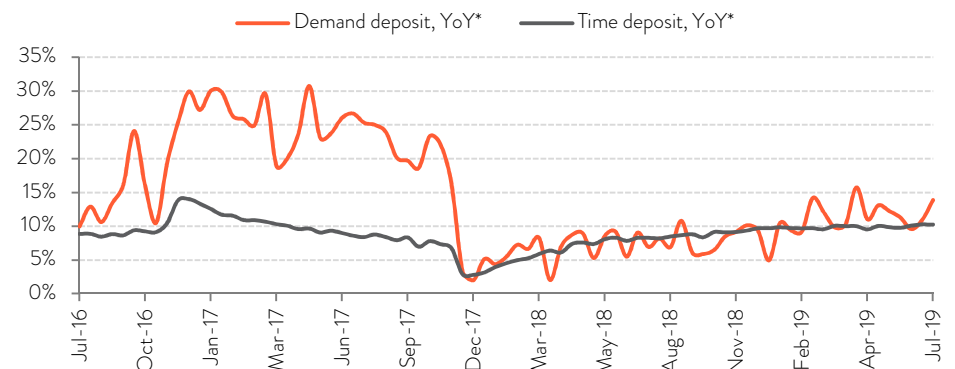
Note: *Jul19 implies fortnight as of 19 Jul 2019

FIG 85 – CD RATIO ROSE WAS AT 76.3% IN JUL'19 VS 77.2% IN JUN'19



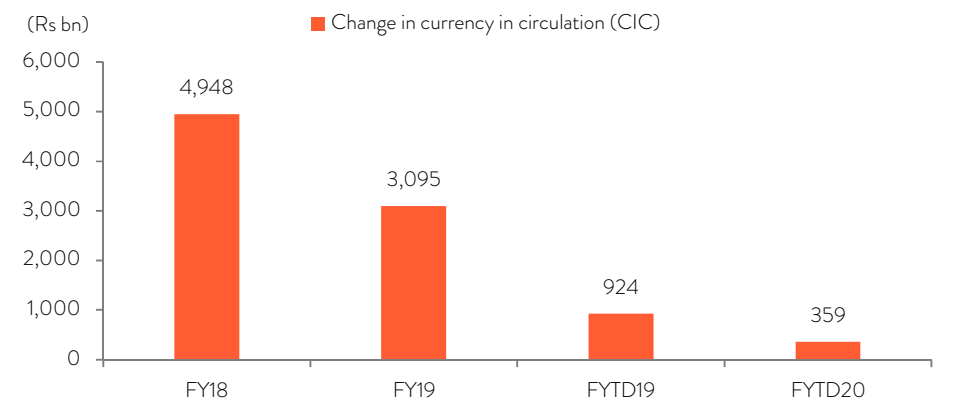
Note: * Jul19 implies fortnight as of 19 Jul 2019

FIG 84 – DEMAND DEPOSITS GREW BY 13.9% IN JUL'19 VS 10% IN JUN'19, TIME DEPOSITS INCREASED BY 10.2% IN JUL'19 VS 10.1% IN JUN'19



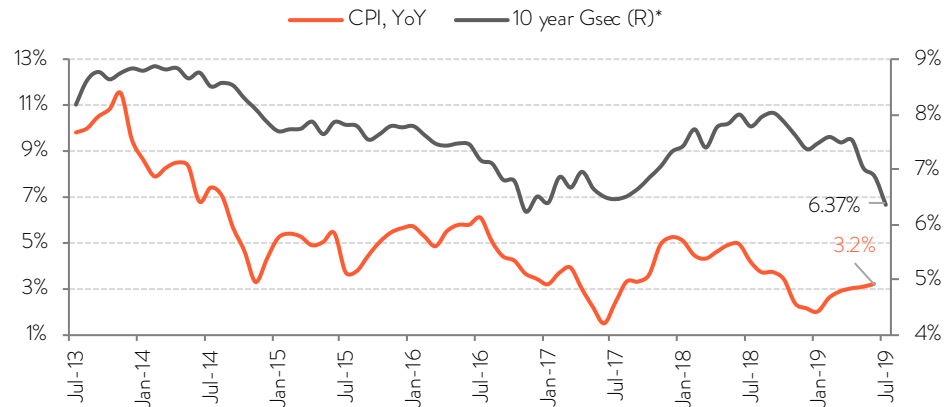
Note: * Jul19 implies fortnight as of 19 Jul 2019

FIG 86 – CIC ACCRETION IS INCREASING AT A SLOWER PACE OF RS 359BN IN FYTD20 VS RS 924BN IN THE SAME PERIOD LAST YEAR



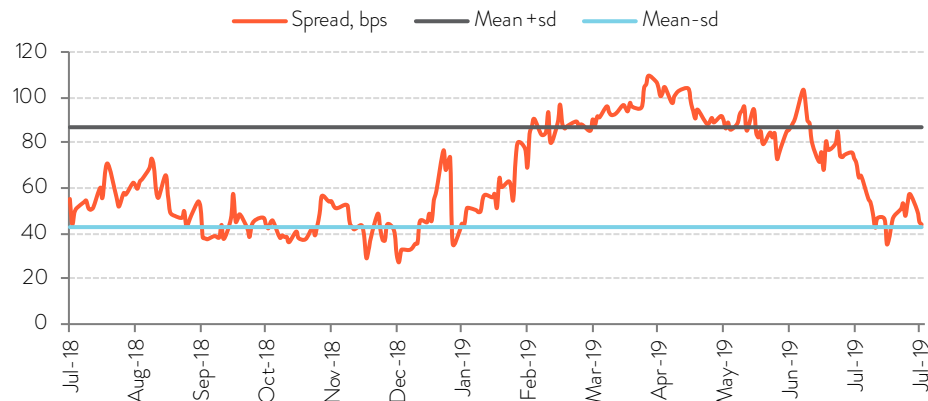
FYTD: Apr-Jul

FIG 87 – 10Y GSEC YIELD HAS FALLEN BY 51BPS IN JUL'19, WHILE INFLATION HAS EDGED UPTO 3.2% FROM 3% IN MAY'19, LOWERING THE REAL RATES



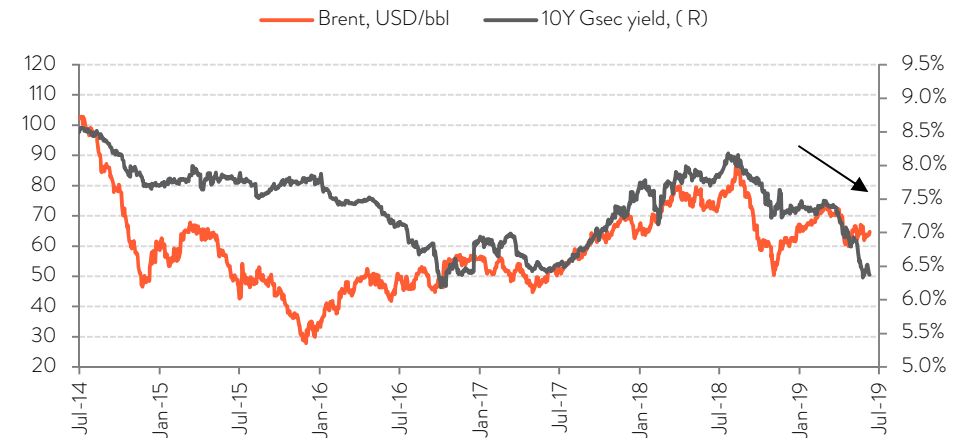
Note: *As on last trading day of the month.

FIG 89 – SPREAD BETWEEN 10Y GSEC YIELD AND 1YR TBILL HAS FALLEN TO 53BPS IN JUL'19 FROM 83BPS IN JUN'19



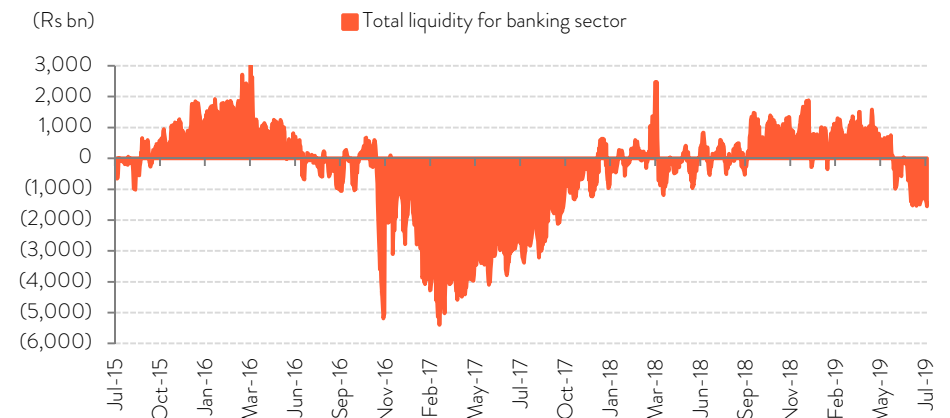
Source: RBI

FIG 88 – CRUDE PRICES AND 10Y GSEC YIELD HAVE MOVED IN CONSONANCE



Source: RBI

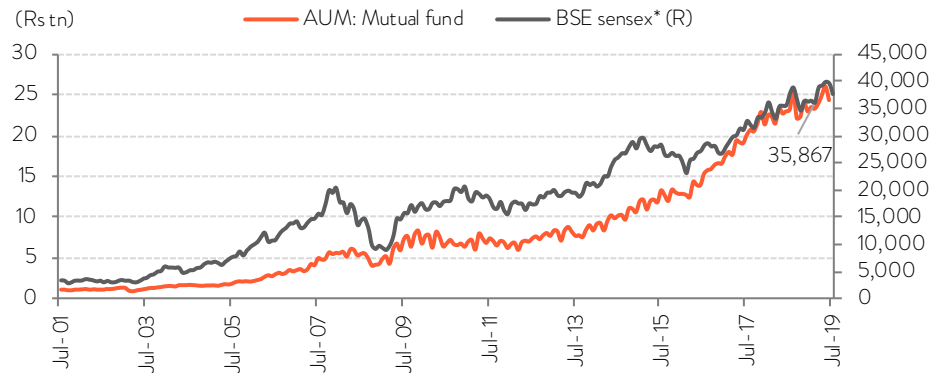
FIG 90 – AVERAGE SYSTEM LIQUIDITY SURPLUS ROSE TO RS 1.3TN IN JUL'19 COMPARED TO RS 438BN IN JUN'19 AND CURRENTLY AT RS 2TN



Source: RBI

Mutual fund (MF) indicators

FIG 91 – SENSEX DECLINED BY (-) 5% TO 37,481 IN JUL'19 AMIDST MUTED GROWTH, AUM OF MFS ALSO FELL TO RS 24TN IN JUN'19



Insurance sector indicators

FIG 93 – LIFE INSURANCE POLICIES SOLD IN JUN'19 DECLINED BY (-) 3.5% COMPARED TO (-) 5.2% IN MAY'19

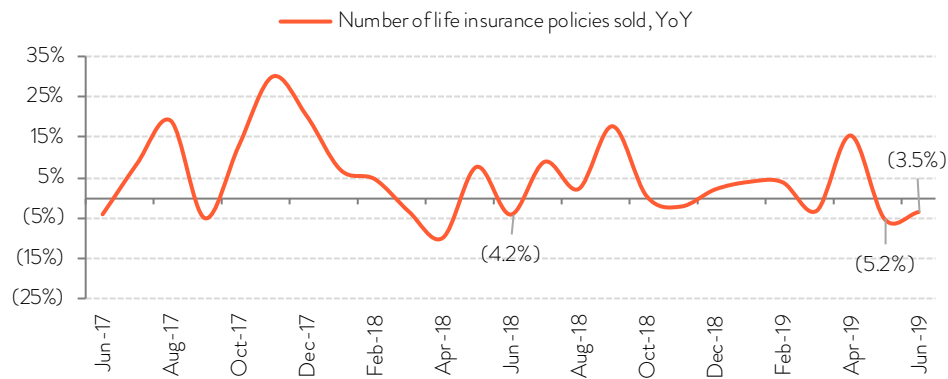


FIG 92 – MF NET OUTFLOW WAS AT RS 1.6TN IN JUN'19 VS NET INFLOW OF RS 770BN IN MAY'19 LED BY MASSIVE DEBT OUTFLOW OF RS 1.7TN

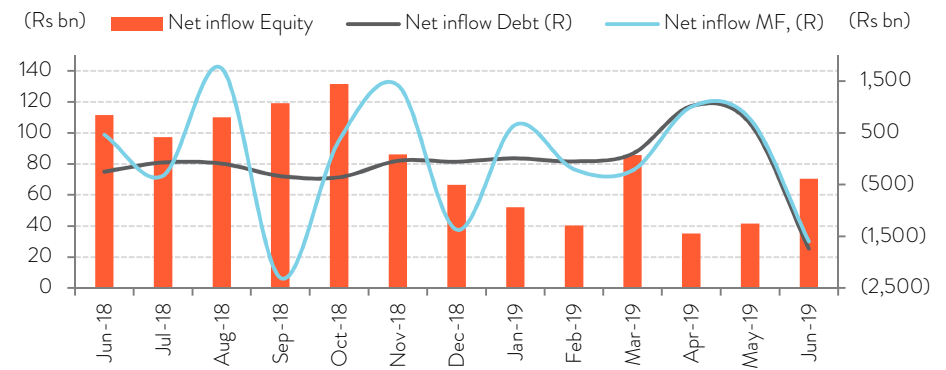
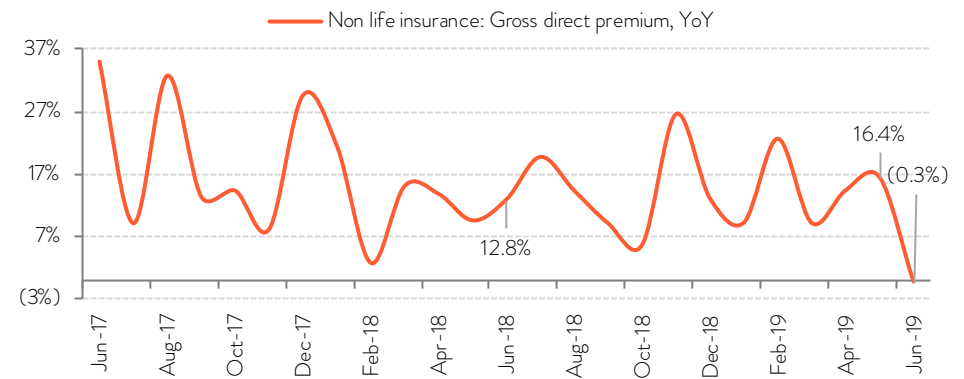


FIG 94 – GROSS DIRECT PREMIUM FOR NON LIFE INSURANCE ALSO FELL BY (-) 0.3% IN JUN'19 VS 16% IN MAY'19



Public finance

Central government finances

FIG 95 – FISCAL DEFICIT LOWERED TO 3.3% IN JUN'19

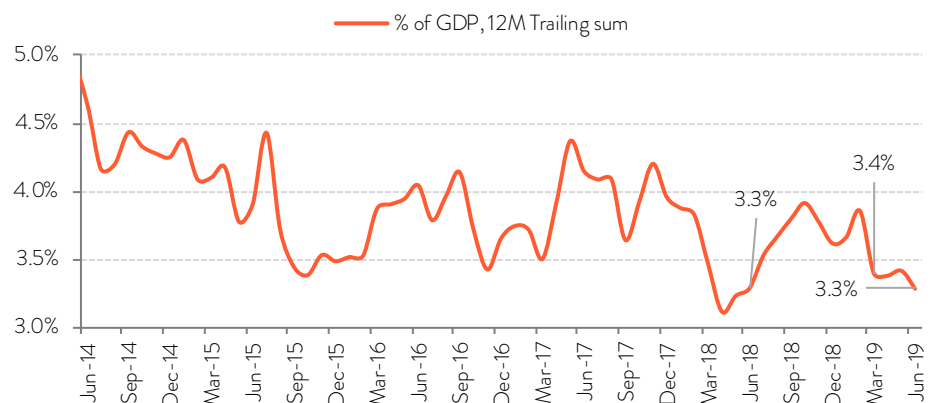


FIG 96 – REVENUE DEFICIT INCHED UP marginally

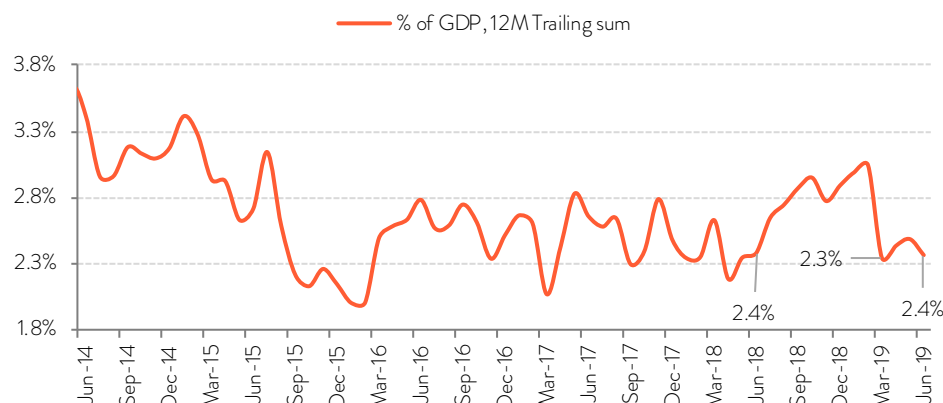


FIG 97 – PRIMARY DEFICIT STEADIES IN JUN'19

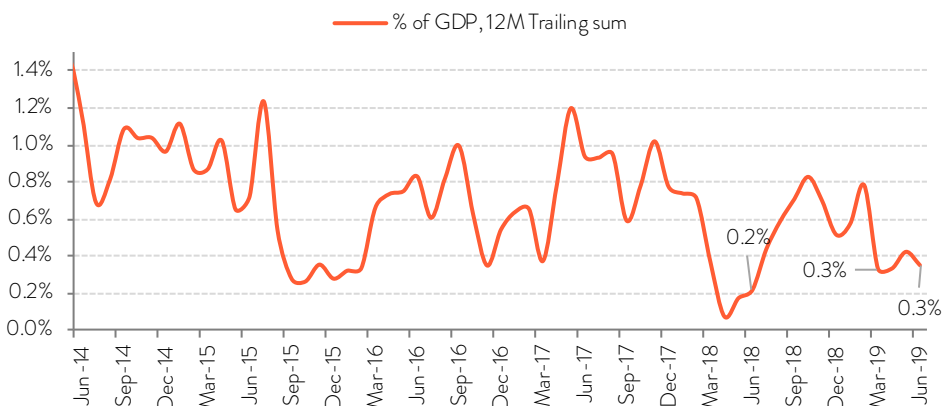


FIG 98 – TOTAL EXPENDITURE IN JUN'19 HIGHER THAN LAST YEAR

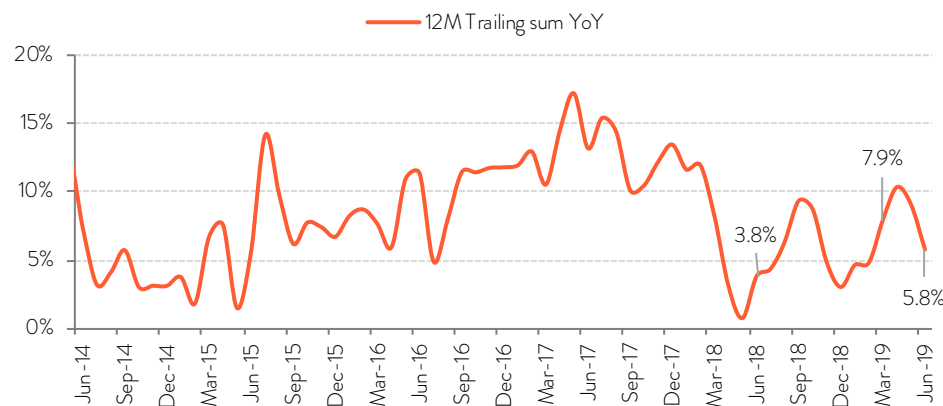
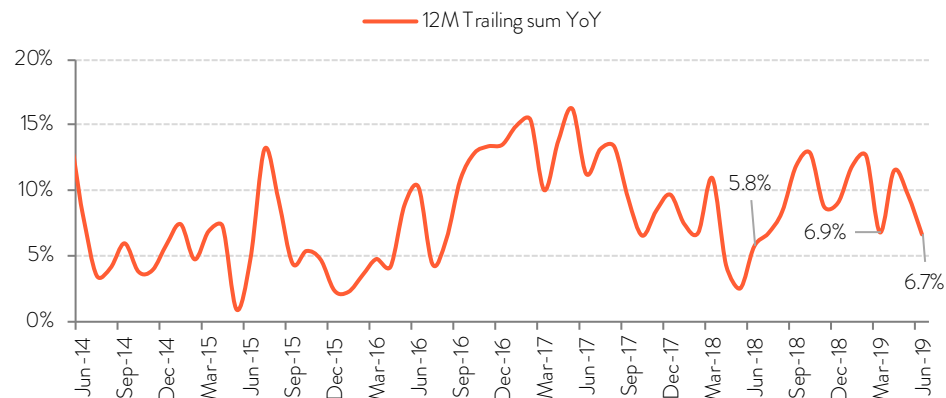
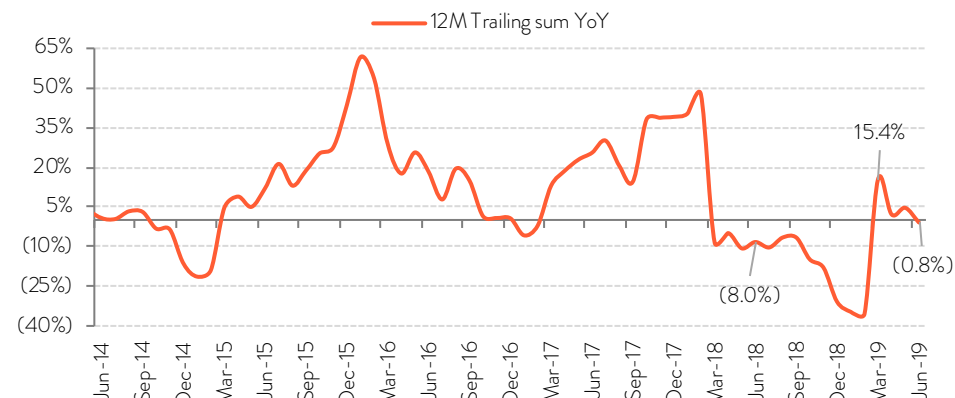


FIG 99 – REVENUE SPENDING BROADLY STABLE IN JUN'19**FIG 100 – CAPEX CONTRACTS LESS SHARPLY VIS-À-VIS LAST YEAR****FIG 101 – LOWER SPENDING ON ROADS AND RURAL DEVELOPMENT DRAGGED THE HEADLINE EXPENDITURE DOWN IN JUN'19 (FYTD BASIS)**

Ministry	Apr'17-Jun'17 (Rs bn)	Apr'18-Jun'18 (Rs bn)	% change	Apr'19-Jun'19 (Rs bn)	% change
Ministry of Finance	1,757	2,051	16.7	2,154	5.0
Ministry of Defence	1,207	1,209	0.1	1,331	10.1
Ministry of Consumer Affairs, Food and Public Distribution	965	888	(8.0)	948	6.8
Ministry of Rural Development	350	443	26.6	343	(22.5)
Ministry of Home Affairs	268	313	16.5	326	4.1
Ministry of Human Resource Development	217	192	(11.6)	207	7.9
Ministry of Road Transport and Highways	168	250	48.5	6	(97.8)
Ministry of Chemicals and Fertilisers	284	169	(40.3)	293	72.9
Ministry of Petroleum and Natural Gas	161	142	(11.7)	307	116.4
Ministry of Agriculture	160	213	32.7	214	0.4
Ministry of Health and Family Welfare	130	146	12.4	167	14.6

FIG 102 – RECEIPT GROWTH CONTINUES TO EASE

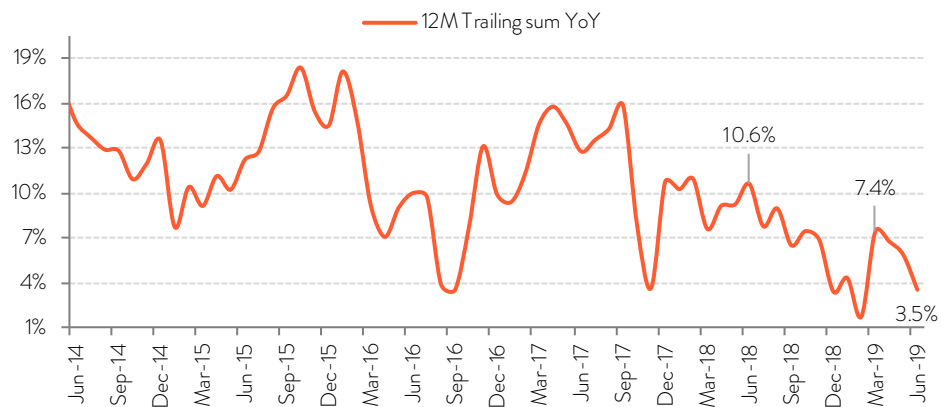


FIG 103 – ...LED BY CAPITAL RECEIPTS

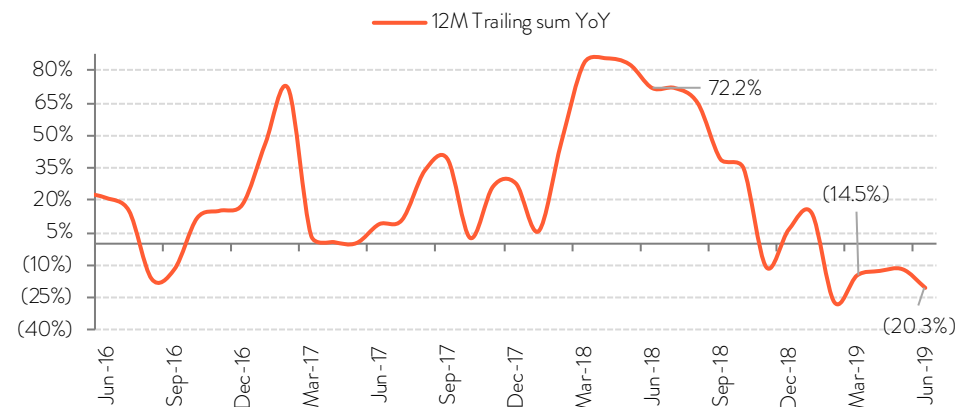


FIG 104 – REVENUE RECEIPT GROWTH ALSO SLOWING...

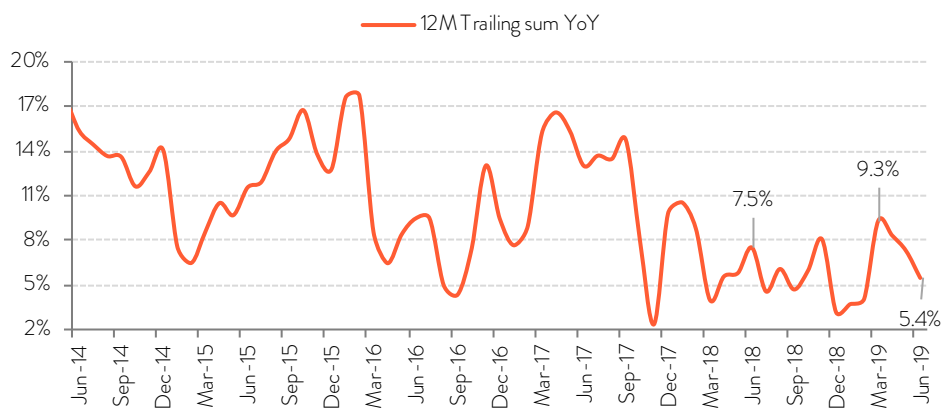


FIG 105 – ...AS TAX REVENUE GROWTH FADES

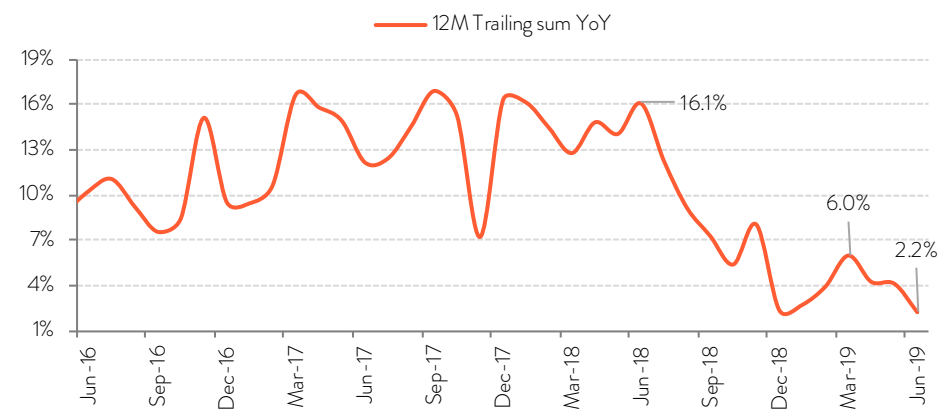


FIG 106 – CENTRE'S INDIRECT TAX COLLECTIONS AND CAPEX OFF TO A SLOW START (FYTD BASIS)

	Apr'17-Jun'17 (Rs bn)	Apr'18-Jun'18 (Rs bn)	% change	Apr'19-Jun'19 (Rs bn)	% change
Gross Tax revenue	3,234	3,477	7.5	3,705	6.5
Direct taxes	1,438	1,527	6.2	1,676	9.7
Corp Tax	673	664	(1.2)	706	6.3
Income Tax	765	863	12.8	969	12.3
Indirect taxes*	1,797	1,950	8.5	2,029	4.0
Non-tax revenue	220	306	39.3	335	9.4
Centre's revenue (net)	1,993	2,678	34.4	2,849	6.4
Total expenditure	6,507	7,076	8.7	7,217	2.0
Capital exp	683	870	27.3	630	(27.6)
Revenue exp	5,824	6,207	6.6	6,587	6.1
Fiscal deficit	4,417	4,290	(2.9)	4,321	0.7

Note: *excluding GST compensation cess

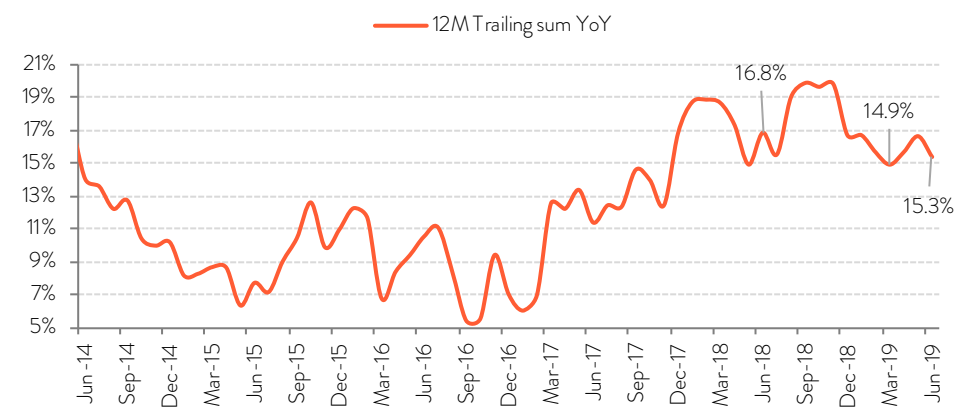
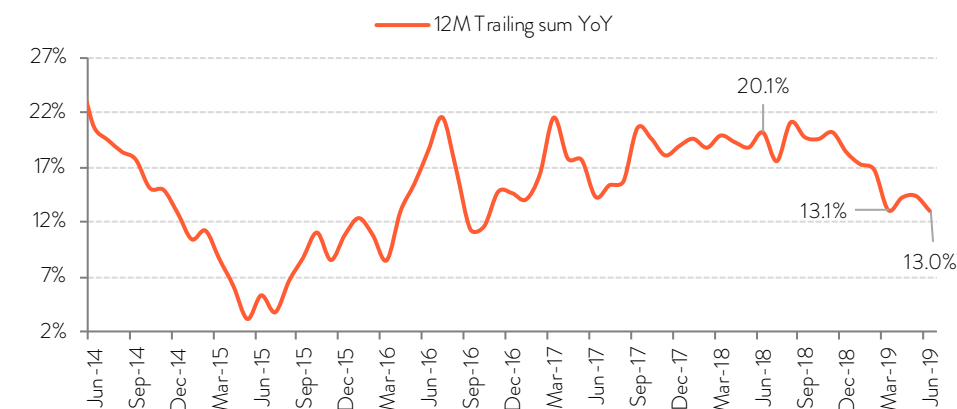
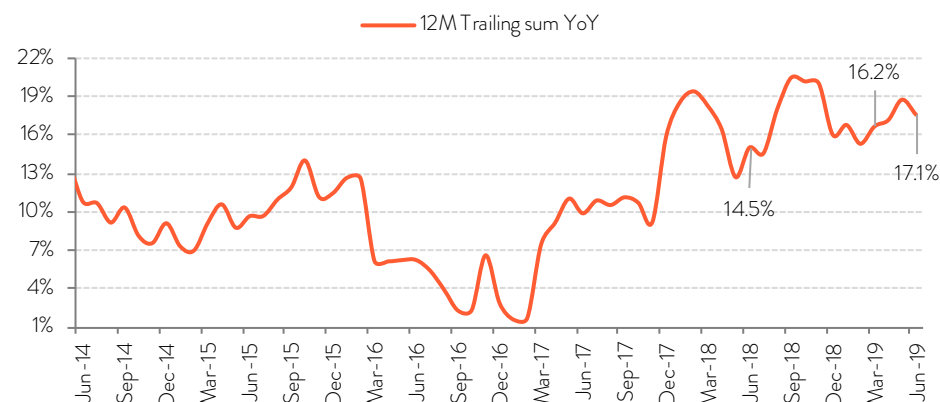
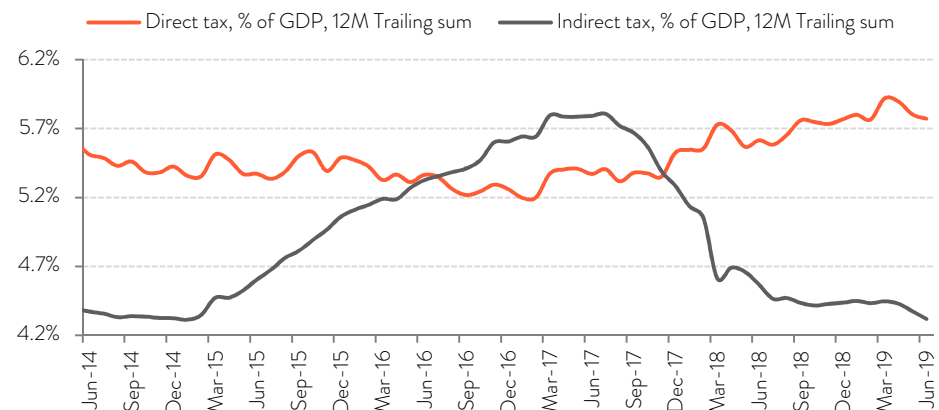
FIG 107 – GROSS DIRECT TAX COLLECTION IN JUN'19 LOWER THAN LAST YEAR...**FIG 108 – ...LED BY LOWER INCOME TAX COLLECTIONS**

FIG 109 – CORPORATE TAX REVENUE GROWTH HIGHER IN JUN'19**FIG 110 – GAP BETWEEN SHARE IN GDP OF DIRECT & INDIRECT TAX REMAINS WIDE; SHARE OF INDIRECT TAXES DECLINING****FIG 111 – GST COLLECTIONS MAINTAIN AVERAGE RS 1TN IN FYTD20**

(Rs bn)	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Monthly run rate (FY20)	FYTD20	FY20 (BE)
CGST	309	579	360	299	480	344	431	351	359	462	468	346	354	389	1,168	5,260
UT GST	0.6	1.6	3.3	1.1	1.3	0.8	5.9	1.3	1.1	5.8	1.7	1.5	1.9	2	5	-
IGST	102	(399)	52	148	(142)	90	(94)	95	45	23	(6)	72	40	36	107	280
SGST*	473	678	455	481	561	433	605	441	579	566	450	503	544	499	1,497	-
Cess	80	80	74	79	77	79	77	84	82	82	89	77	80	82	246	1,093
Total GST	965	940	944	1,007	976	947	1,025	972	1,066	1,139	1,003	999	1,021	1,008	3,023	6,633
GST 3B Filing by deadline (mn)	6.6	6.7	6.7	6.7	7.0	7.2	7.3	7.3	7.6	7.2	7.2	7.4	7.6	-	-	-

Source: PIB | *Computed from PIB and CGA data.

FIG 112 – CENTRAL GOVT. PUBLIC DEBT IN Q4FY19 LOWER THAN LAST YEAR

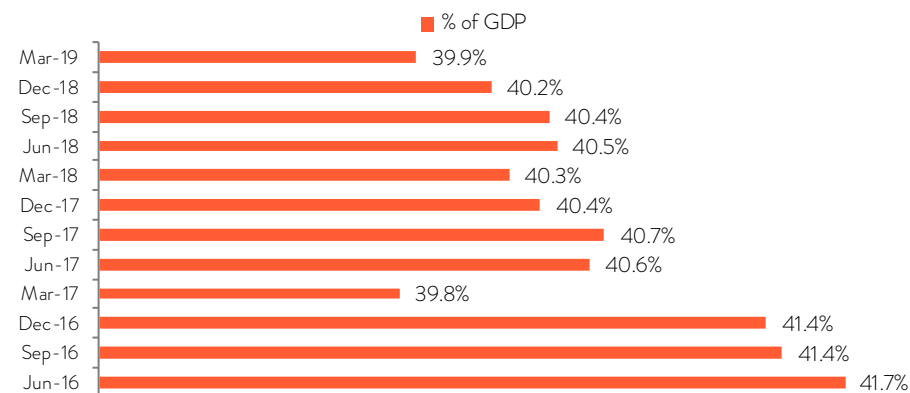
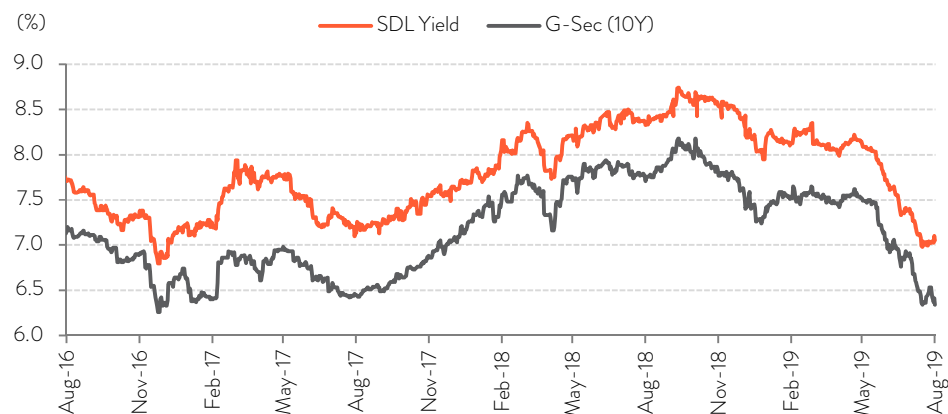


FIG 113 – GAP BETWEEN AVG. YIELD ON SDL & 10Y G-SEC DECLINES IN JUL'19, BUT SEEN INCREASING AT THE START OF AUG'19



Source: CCIL

FIG 114 – SUBSIDIES MAINTAINED AT A STEADY RATIO IN FY20

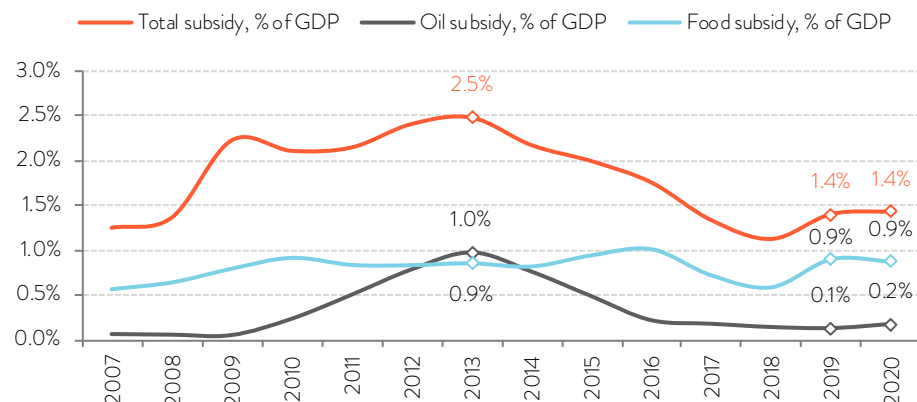
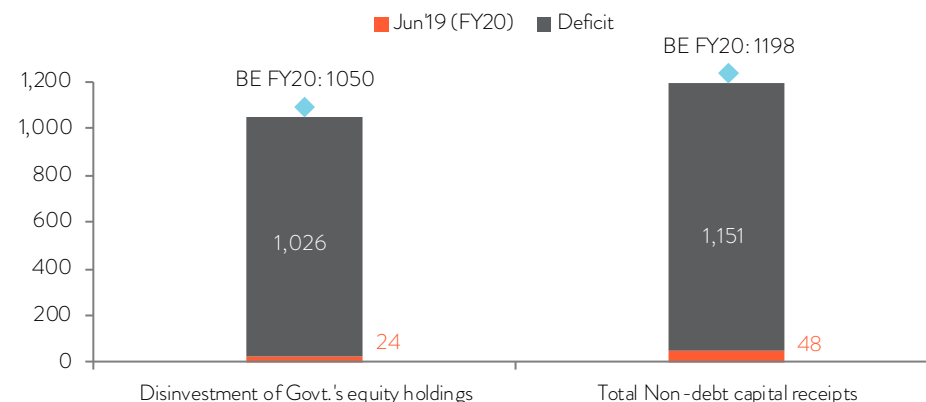
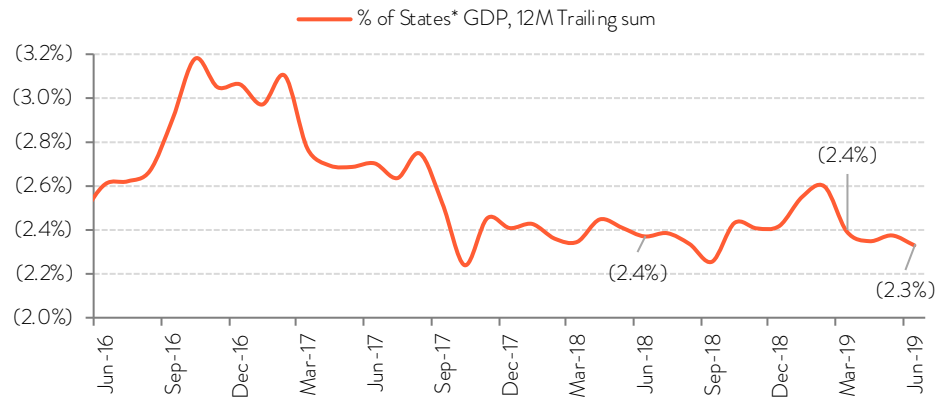


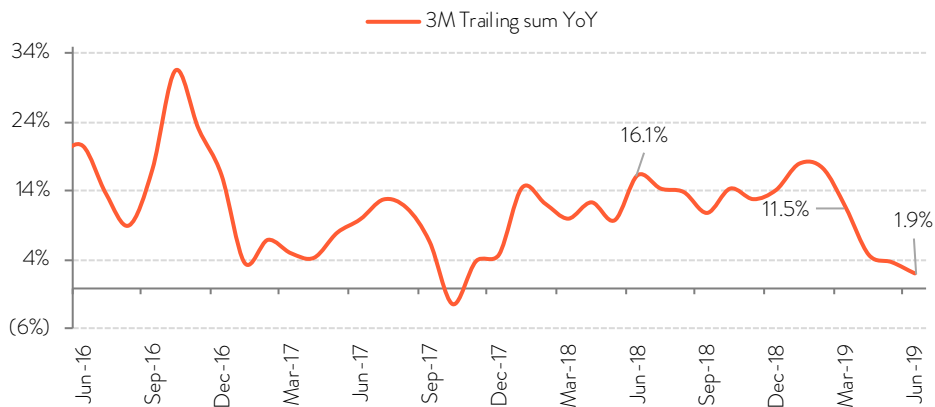
FIG 115 – CENTRAL GOVT.'S FY20 DISINVESTMENT STATUS



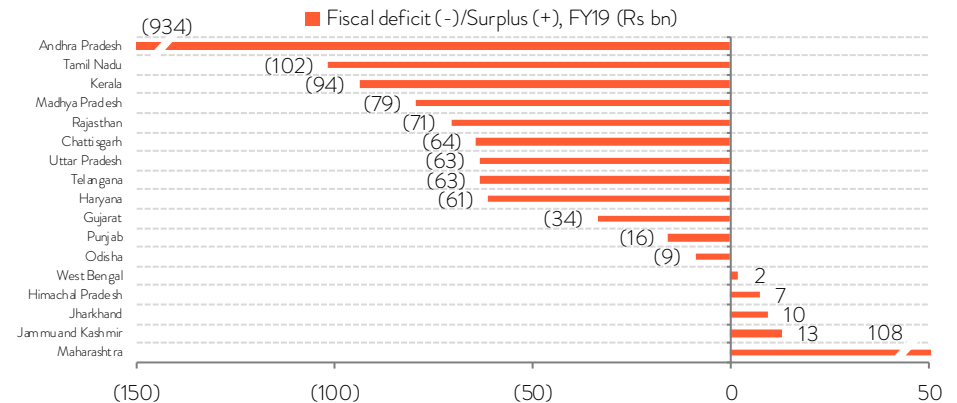
State government finances

FIG 116 – STATES* FISCAL DEFICIT AT 2.3% IN JUN'19


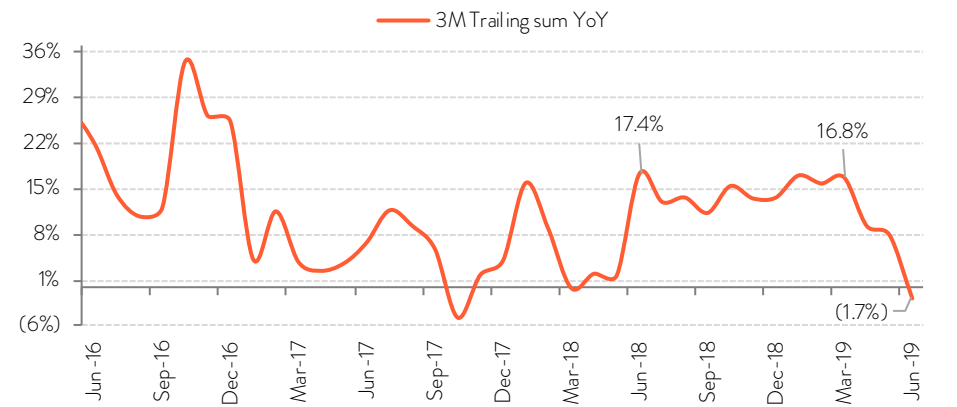
Note: *All states excluding N.E states, Bihar, Goa, Karnataka and Uttarakhand

FIG 118 – TOTAL EXPENDITURE OF STATES* DIPPED SHARPLY IN Q1FY20


Note: *All states excluding N.E states, Bihar, Goa, Karnataka and Uttarakhand

FIG 117 – A.P. HIGHEST DEFICIT STATE IN FYTD20


Note: FYTD20 - Apr'19-Jun'19

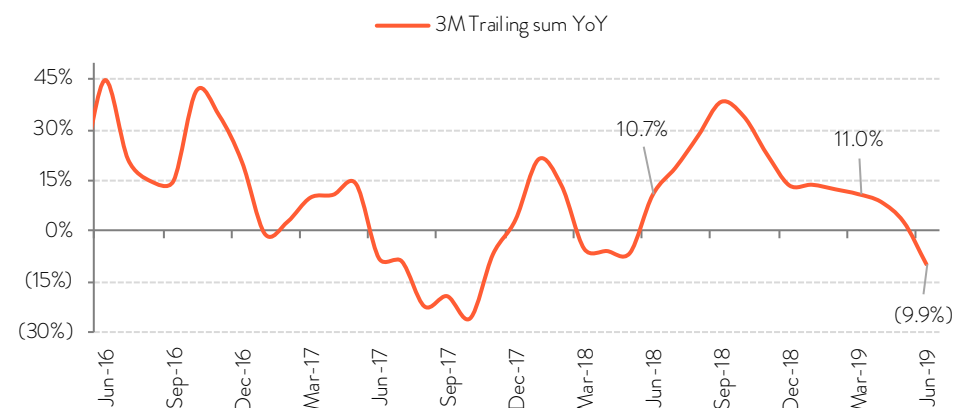
FIG 119 – TOTAL RECEIPTS OF STATES* TOO FELL


Note: *All states excluding N.E states, Bihar, Goa, Karnataka and Uttarakhand

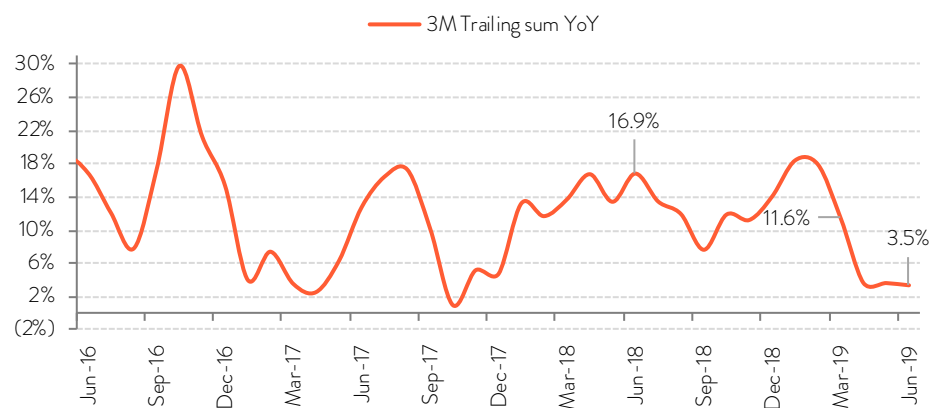
FIG 120 – STATE* GOVT. REVENUE AND EXPENDITURE GROWTH SEEN EASING IN FYTD20 VS LAST YEAR

	Apr'17-Jun'17 (Rs bn)	Apr'18-Jun'18 (Rs bn)	% change	Apr'19-Jun'19 (Rs bn)	% change
Total Receipts	4,321	5,072	17.4	4,985	(1.7)
Revenue Receipts	3,806	4,411	15.9	4,363	(1.1)
Receipts: Tax Revenue	3,044	3,330	9.4	3,400	2.1
Receipts: Non-Tax Revenue	241	337	39.9	304	(9.9)
Capital Receipts	516	662	28.3	622	(5.9)
Total Expenditure	4,321	5,018	16.1	5,112	1.9
Revenue Expenditure	3,785	4,424	16.9	4,577	3.5
Capital Expenditure	536	594	10.7	535	(9.9)
Revenue Surplus or Deficit	20	(14)	(166.2)	(34)	152.8
Fiscal Surplus or Deficit	(564)	(602)	6.8	(610)	1.3

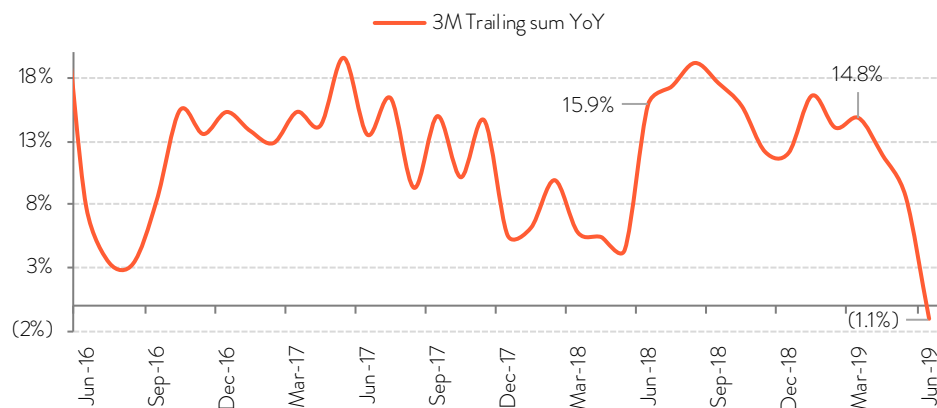
Note: *All states excluding N.E states, Bihar, Goa, Karnataka and Uttarakhand

FIG 121 – LOWER EXPENDITURE BY STATES* LED BY CAPEX

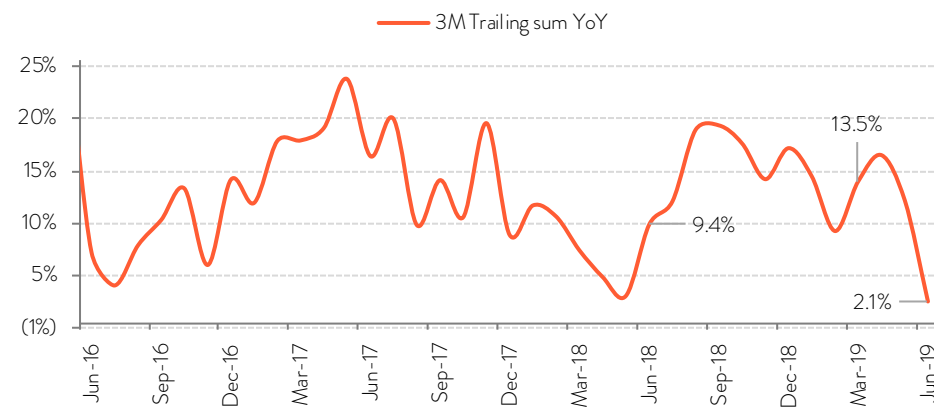
Note: *All states excluding N.E states, Bihar, Goa, Karnataka and Uttarakhand

FIG 122 – REVENUE EXPENDITURE OF STATES* ALSO EASED IN Q1FY20

Note: *All states excluding N.E states, Bihar, Goa, Karnataka and Uttarakhand

FIG 123 – REVENUE RECEIPTS OF STATES* REPORTED SHARP SLOWDOWN IN JUN'19


Note: *All states excluding N.E states, Bihar, Goa, Karnataka and Uttarakhand

FIG 124 – ...LED BY LOWER TAX REVENUES


Note: *All states excluding N.E states, Bihar, Goa, Karnataka and Uttarakhand

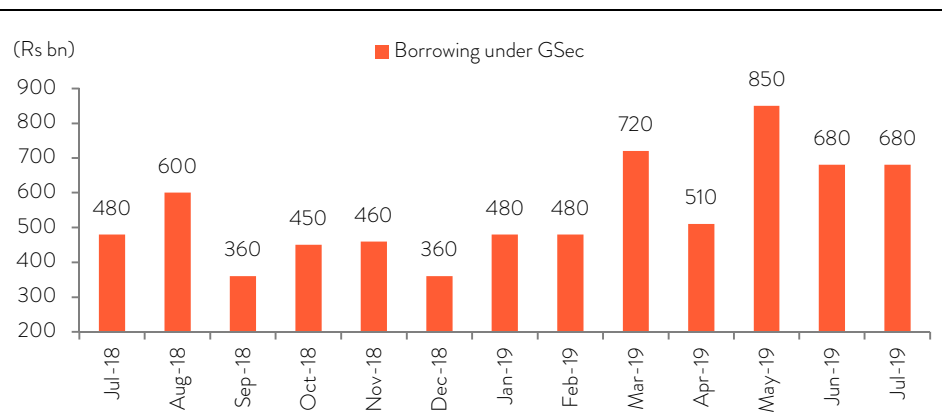
FIG 125 – PATTERN OF STATE SPENDING

State	Pay commission implemented	Loan waiver announced	Capex Increasing (Jun'19, 12M Trailing sum, %YoY)
Andhra Pradesh	✓	✓	✗
Bihar*	✓	✗	✗
Chhattisgarh	✓	✗	✗
Gujarat	✓	✗	✓
Haryana	✓	✗	✓
Karnataka	✗	✓	✓
Madhya Pradesh	✓	✓	✓
Maharashtra	✗	✓	✓
Odisha	✓	✗	✓
Punjab	✗	✓	✗
Uttar Pradesh	✓	✓	✓
Rajasthan	✓	✓	✗
Telangana	✓	✓	✗
Uttarakhand*	✓	✗	✓

Source: News Reports, CEIC, Bank of Baroda | Note: ✓ means yes; ✗ means no | *Capex as of Mar'19

Central government borrowing

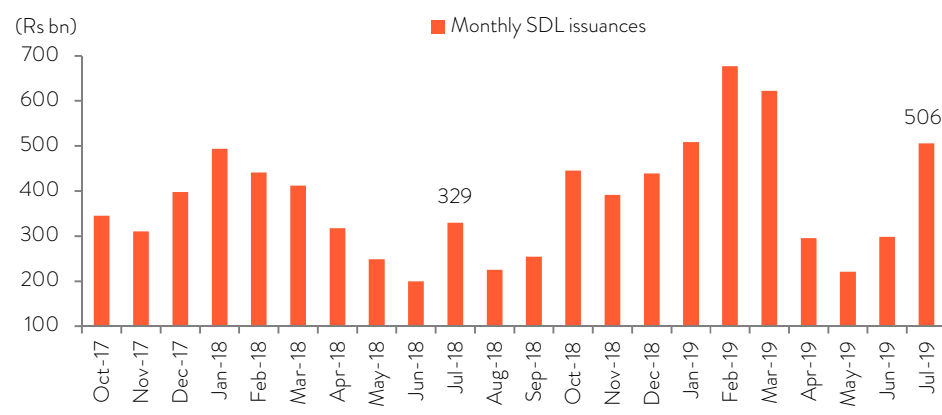
FIG 126 – CENTRE'S GROSS BORROWING WAS STABLE AT RS 680BN IN JUL'19



Source: RBI

State government borrowing

FIG 128 – STATE BORROWING JUMPS AT THE START OF Q2FY20



Source: RBI

FIG 127 – CENTRE'S ACTUAL BORROWING FOR Q1FY20 WAS THE HIGHEST IN PAST 5 YEARS AT RS 2TN

Total accepted amount (G-Sec), (Rs bn)	FY15	FY16	FY17	FY18	FY19	FY20 (actual)	FY20 (planned)
Q1	1,830	1,740	1,500	1,680	1,320	2040	2,210
Q2	1,570	1,630	1,910	1,890	1,440	680*	2,210
Q3	1,430	1,640	1,610	1,640	1,270	-	-
Q4	1,090	840	800	670	1680	-	-
Total	5,920	5,850	5,820	5,880	5,710	-	-

Source: RBI, *till 26 Jul 2019

FIG 129 – STATES ARE INCREASING RELIANCE ON MARKET BORROWINGS

Quarterly SDL issuances, (Rs bn)	FY15	FY16	FY17	FY18	FY19	FY20 (actual)	FY20 (planned)
Q1	439	502	548	650	766	815	1,101
Q2	469	627	792	1,130	809	506*	-
Q3	692	858	1,214	1,054	1,277	-	-
Q4	809	959	1,322	1,348	1,809	-	-
Total	2,408	2,946	3,876	4,182	4,661	-	-

Source: RBI; *As of 30 Jul 2019

External sector

Exports

FIG 130 – INDIA'S EXPORTS DECLINE, GLOBAL EXPORTS ALSO FALLING

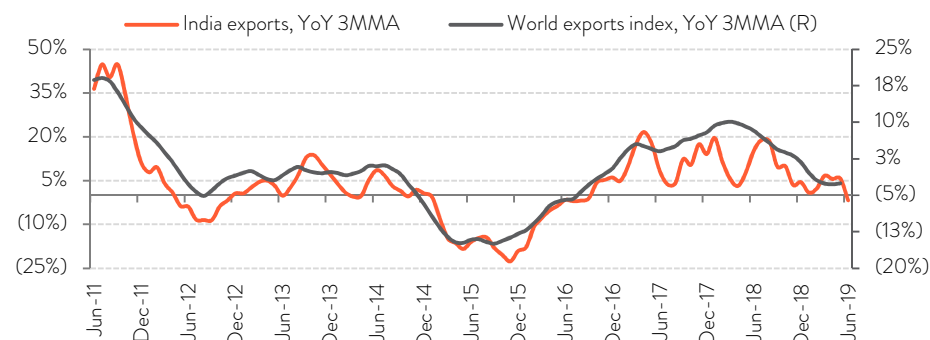
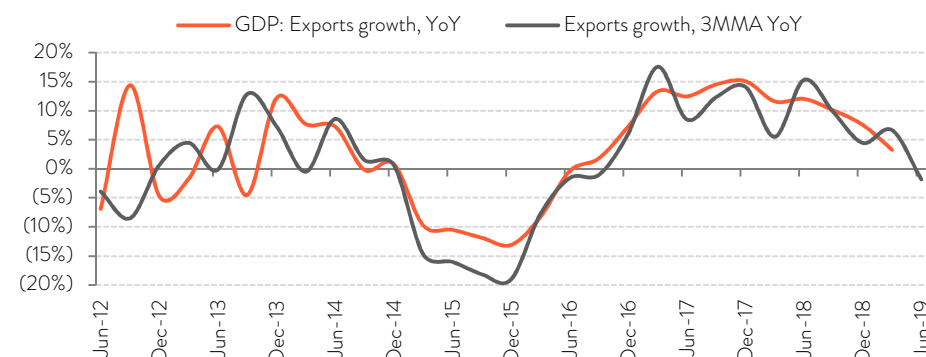


FIG 131 – INDIA'S EXPORT GROWTH DECLINES TO A 41-MONTH LOW OF (-) 9.7% IN JUN'19



Exports by major sectors

FIG 132 – LED BY A SHARP DECLINE IN OIL EXPORTS

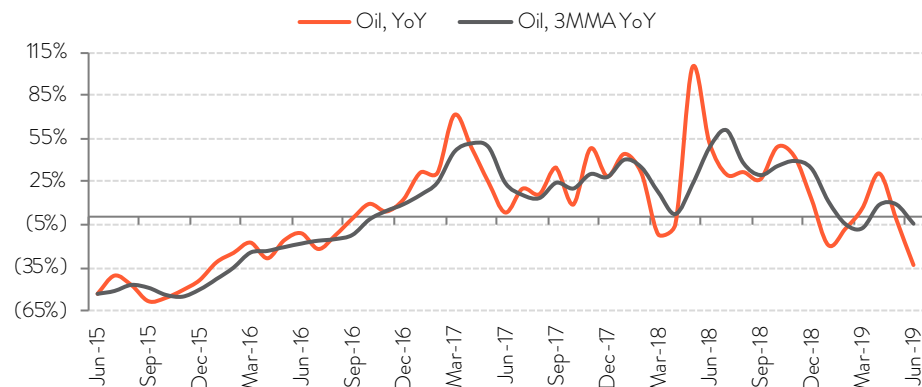


FIG 133 – EXPORT OF ORGANIC CHEMICALS ALSO FALLS IN JUN'19

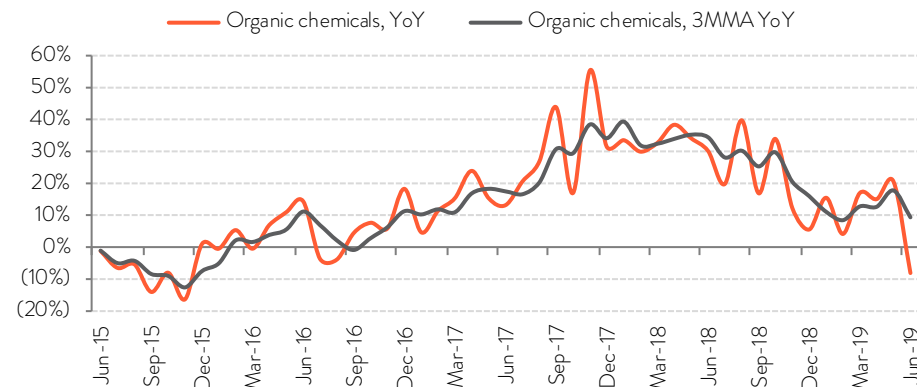


FIG 134 – TEXTILE EXPORTS FALL STEEPLY

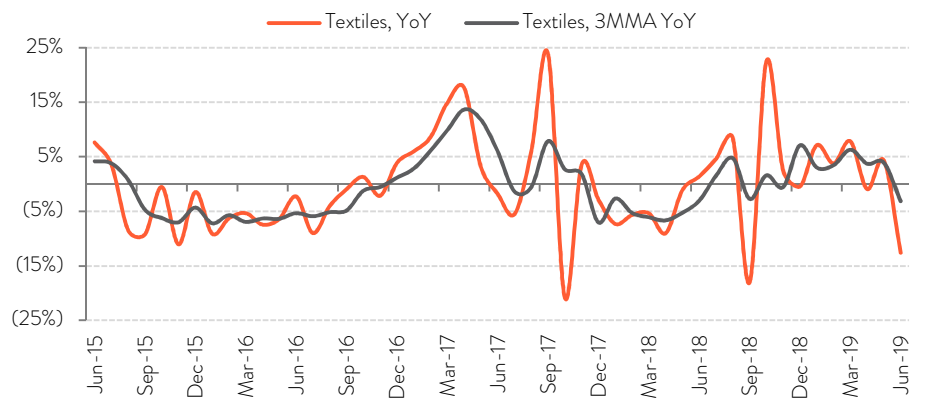
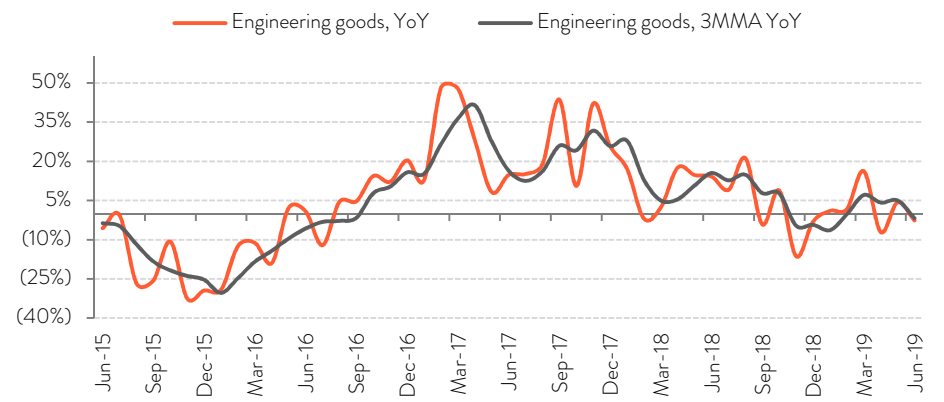


FIG 135 – EXPORT OF ENGINEERING GOODS ALSO DECLINES



Imports

FIG 136 – IMPORTS ALSO DECLINE

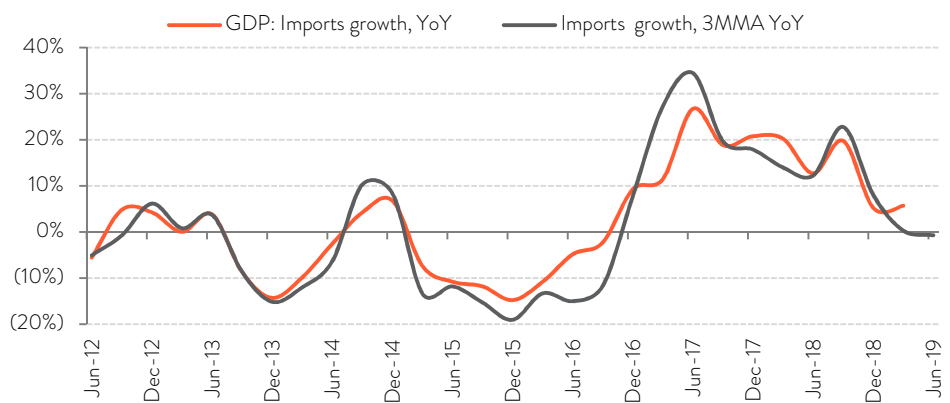


FIG 137 – LED BY OIL

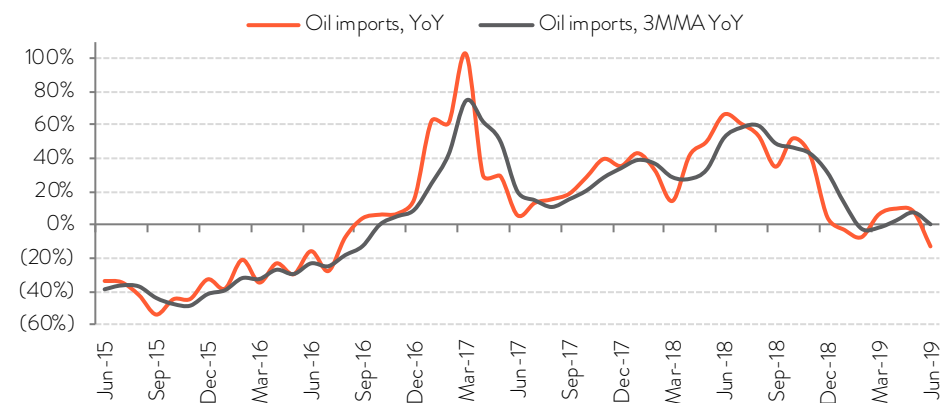


FIG 138 – AGRI IMPORTS FALL STEEPLY BY (-) 19% IN JUN'19

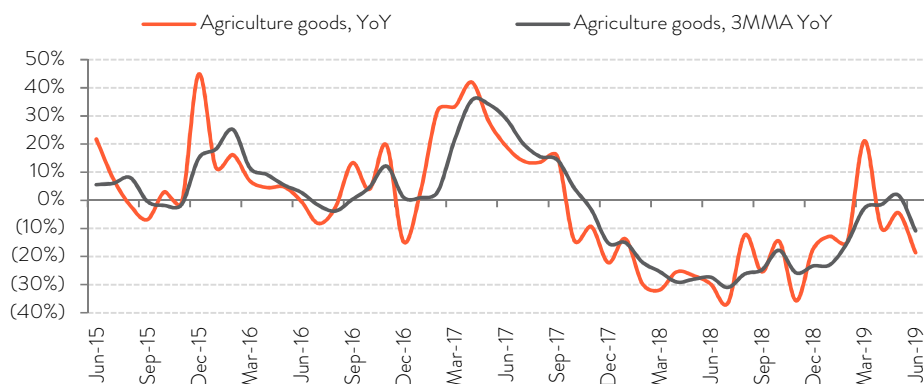


FIG 139 – IMPORTS OF PRECIOUS STONES DECLINE FOR THE 10TH STRAIGHT MONTH IN JUN'19

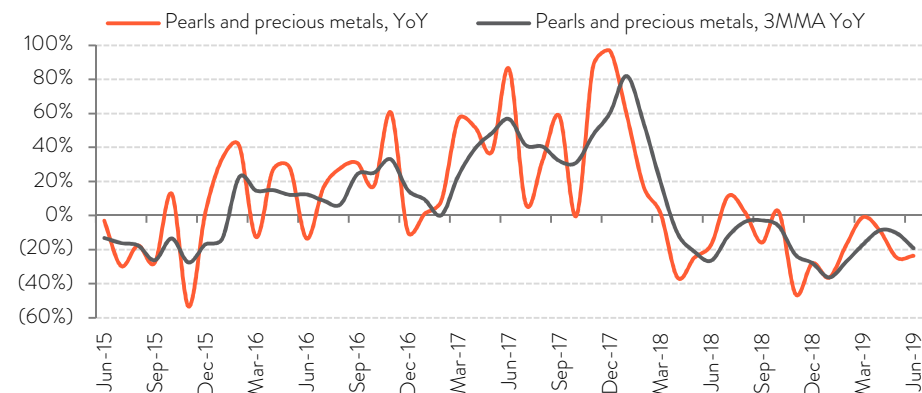


FIG 140 – COAL IMPORTS DOWN BY (-) 3.4% IN JUN'19

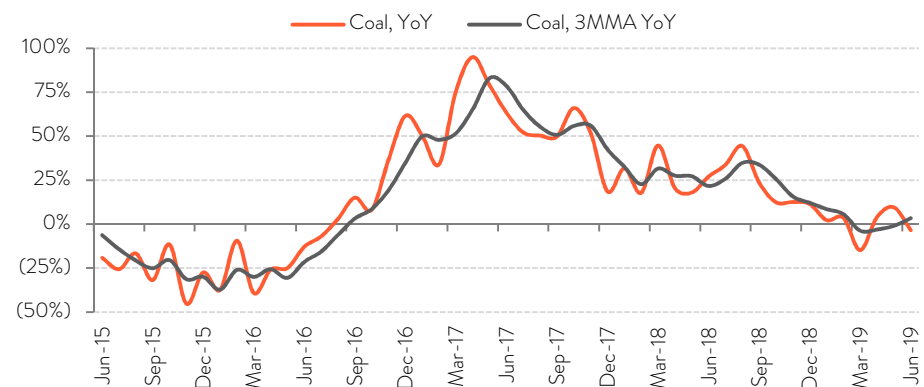
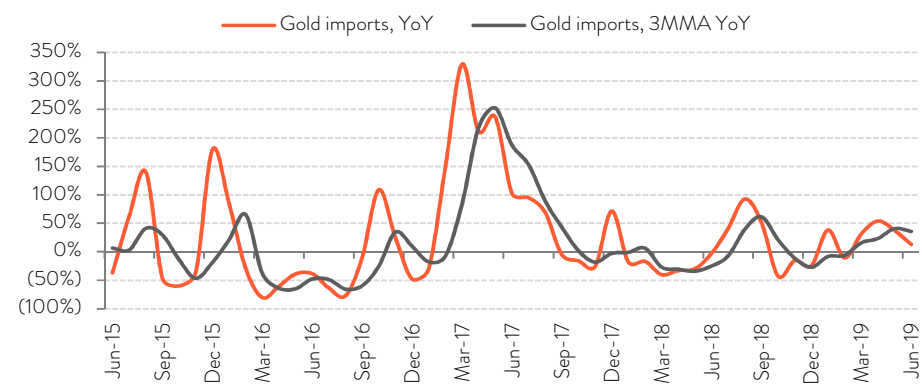


FIG 141 – GOLD IMPORTS MODERATE FROM 37.4% IN MAY'19 TO 13% IN JUN'19



Exports and imports by major regions

FIG 142 – EXCEPT AMERICAS, EXPORTS TO OTHER REGIONS DECLINE IN JUN'19 LED BY ASIA (EX. CHINA)

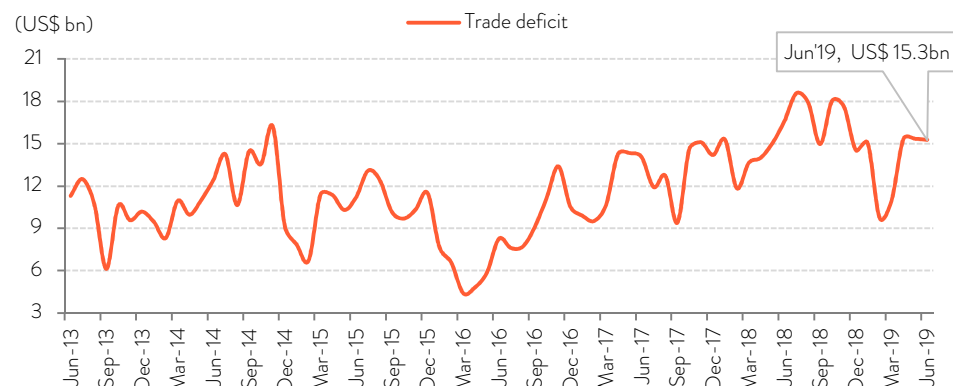
Region (% YoY)	Share (in %) FY19	Apr'19	May'19	Jun'19	FYTD19	FYTD20
Americas	21.1	(0.7)	7.6	2.4	12.5	3.2
Asia and Pacific (Ex. China)	28.1	(0.4)	(3.0)	(21.3)	13.2	(8.5)
China	5.1	10.6	16.4	(14.2)	60.9	4.0
Europe	19.7	0.7	0	(2.4)	19.1	(0.6)
Middle East and Africa	24.8	(0.1)	8.0	(8.0)	8.5	0.3
Other	1.1	9.9	(12.7)	45.3	49.8	13.5

FIG 143 – IMPORTS FROM ALL REGIONS DECLINE IN JUN'19, IMPORTS FROM MIDDLE EAST DECLINE THE MOST

Region (% YoY)	Share (in %) FY19	Apr'19	May'19	Jun'19	FYTD19	FYTD20
Americas	12.7	19.4	7.8	(12.7)	16.1	3.7
Asia and Pacific (Ex. China)	25.3	(0.1)	7.4	(6.9)	18.7	(0.1)
China	13.7	9.0	(1.4)	(7.3)	(3.9)	(0.7)
Europe	15.3	6.1	5.1	(10.4)	7.8	0.4
Middle East and Africa	31.1	(4.9)	(1.2)	(13.5)	30.5	(6.6)
Other	1.9	40.3	13.4	10.9	(52.7)	21.9

Trade deficit

FIG 144 – TRADE DEFICIT STEADY AT US\$ 15.3BN IN JUN'19



Trade in services

FIG 146 – SERVICES EXPORT UP BY 15.5% IN MAY'19 VS. 2.8% IN APR'19

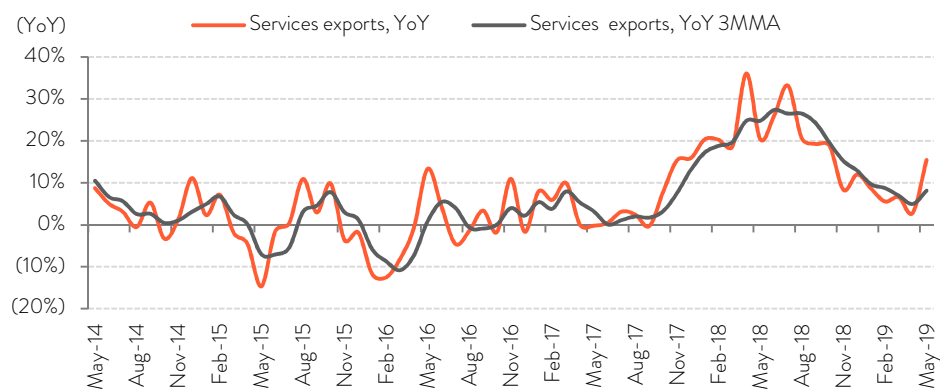
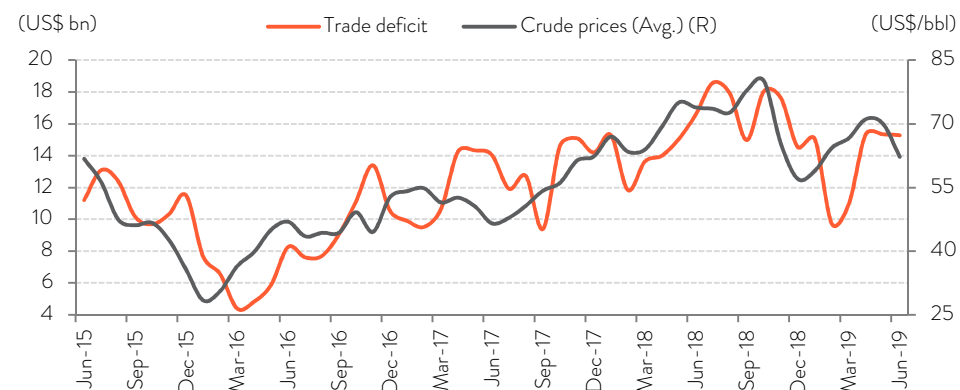


FIG 145 – EVEN AS OIL PRICES SOFTENED



BoP

FIG 147 – CAD NARROWS TO 0.7% OF GDP IN Q4FY19, FROM 2.7% IN Q3FY19

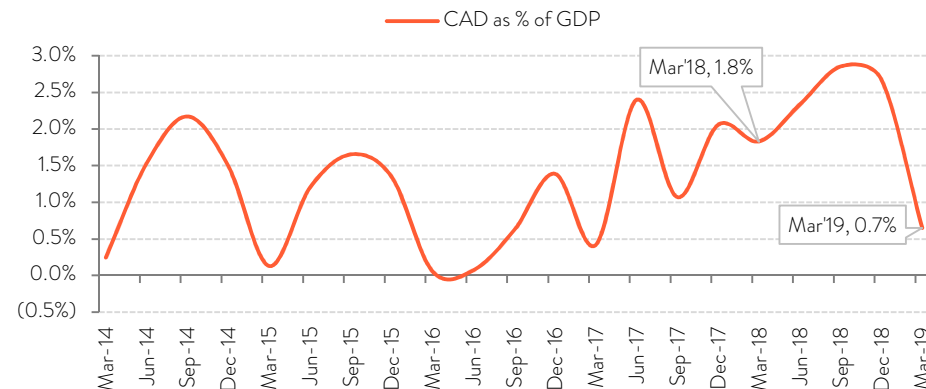


FIG 148 – SUPPORTED BY LOWER TRADE DEFICIT

(US\$ bn)	Q4FY18	Q1FY19	Q2FY19	Q3FY19	Q4FY19
Current account	(13.1)	(15.9)	(19.1)	(17.8)	(4.6)
CAD/GDP (%)	(1.9)	(2.4)	(2.9)	(2.7)	(0.7)
Trade balance	(41.6)	(45.8)	(50.0)	(49.3)	(35.2)
- Merchandise exports	82.2	83.4	83.4	83.1	87.4
- Merchandise imports	123.8	129.1	133.4	132.4	122.6
--Oil imports	33	34.7	35.2	34.7	32.4
--Non-oil imports	90.8	94.4	98.2	97.7	90.2
- Net Services	20.2	18.7	20.3	21.7	21.3
--Software	18.6	18.4	19.3	19.9	19.9
Transfers	16.2	17	19.3	17.4	16.2
Other invisibles	(7.8)	(5.8)	(8.7)	(7.6)	(6.9)
Capital account	25.1	5.0	16.7	13.8	19.2
% of GDP	3.6	0.8	2.6	2.1	2.7
Foreign investments	8.7	1.6	7.7	5.2	15.9
- FDI	6.4	9.8	7.5	7.3	6.4
- FII	2.3	(8.1)	0.2	(2.1)	9.4
Banking capital	4.6	10.1	0.5	4.9	(8.1)
Short-term credit	4.5	(3.5)	4.8	(0.7)	1.5
ECBs	1.0	(1.3)	2.2	2.0	7.2
External assistance	1.4	0.5	0	1.7	1.3
Other capital account items	4.8	(2.4)	1.5	0.7	1.2
E&O	1.3	(0.4)	0.5	(0.3)	(0.4)
Overall balance	13.3	(11.3)	(1.9)	(4.3)	14.2

Foreign inflows

FII inflows

FIG 149 – FII OUTFLOWS AT US\$ 0.7BN IN JUL'19 LED BY OUTFLOWS OF US\$ 1.9BN IN EQUITY SEGMENT

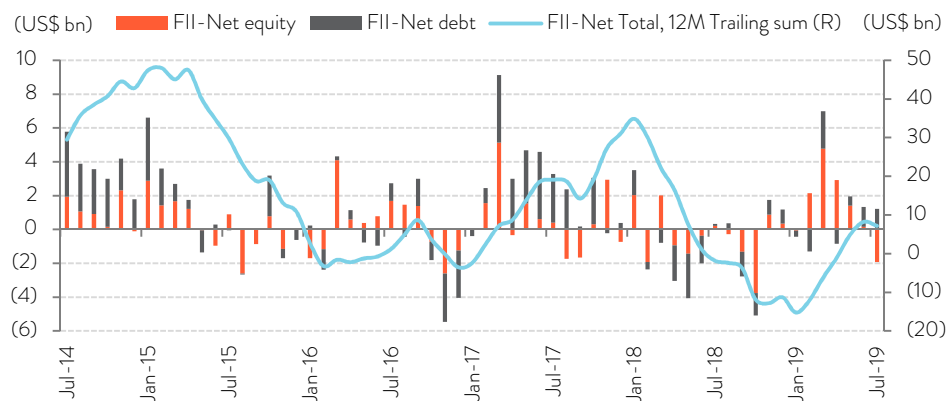


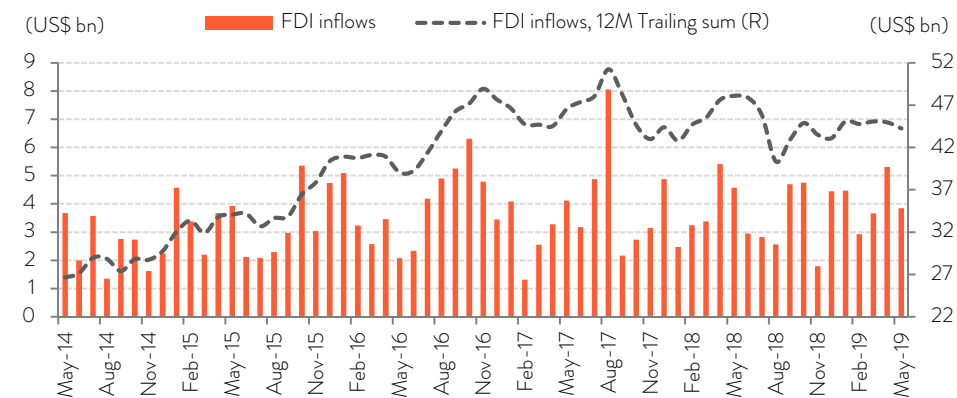
FIG 151 – FDI INFLOWS INTO SERVICES SECTOR RISE TO US\$ 9.2BN IN FY19, FDI IN TELECOM SECTOR SHRINKS

Sector (US\$ bn)	% Share FY19	FY15	FY16	FY17	FY18	FY19
Services Sector	20.6	3.2	6.9	8.7	6.7	9.2
Computer software and hardware	14.5	2.2	5.9	3.7	6.2	6.4
Trading	10.1	2.8	3.9	2.3	4.3	4.5
Telecommunications	6.0	2.9	1.3	5.6	6.2	2.7
Automobile industry	5.9	2.6	2.5	1.6	2.1	2.6

Source: DIPP

FDI inflows

FIG 150 – FDI INFLOWS RISE TO US\$ 9.2BN IN APR-MAY'19



Source: RBI, Bank of Baroda Research

FIG 152 – SINGAPORE REPLACES MAURITIUS AS THE BIGGEST SOURCE OF FDI INFLOWS INTO INDIA

Country (US\$ bn)	% Share in FY19	FY15	FY16	FY17	FY18	FY19
Singapore	36.6	6.3	13.7	8.7	12.2	16.2
Mauritius	18.2	8.2	8.4	15.7	15.9	8.1
Netherlands	8.7	2.2	2.6	3.4	2.8	3.9
Japan	6.7	1.9	2.6	4.7	1.6	3.0
UK	3.0	1.1	0.9	1.5	0.8	1.4

Source: DIPP

Forex reserves and external debt

FIG 153 – INDIA'S FX RESERVES RISE TO US\$ 429.6BN



Source: Bloomberg | Weekly data as of 26 Jul 2019

FIG 155 – RBI'S PURCHASED US\$ 7.4BN IN SPOT MARKET IN APR-MAY'19

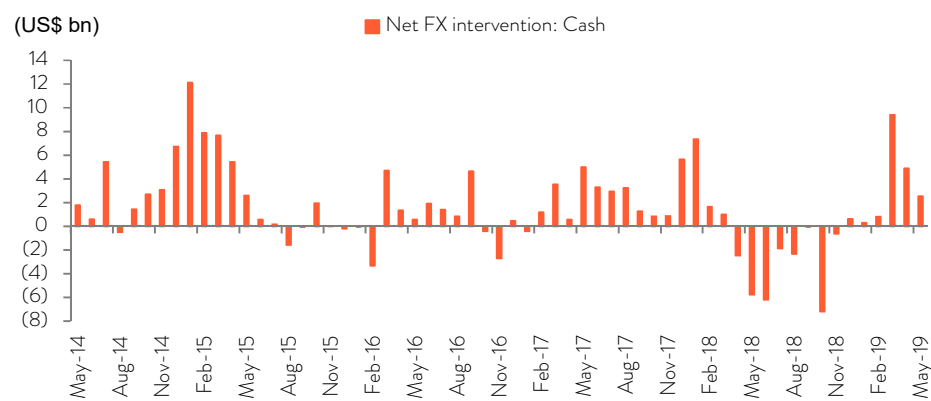
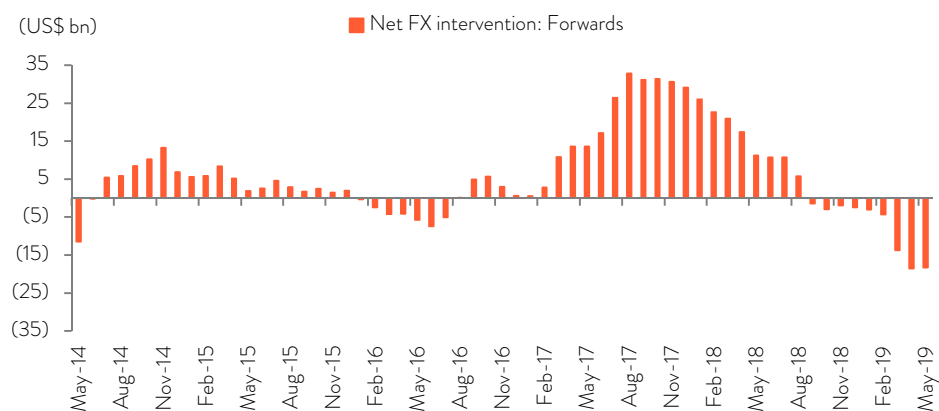


FIG 154 – INDIA'S EXTERNAL DEBT DECLINES TO 19.7% OF GDP IN MAR'19 VERSUS 20.1% OF GDP IN MAR'18



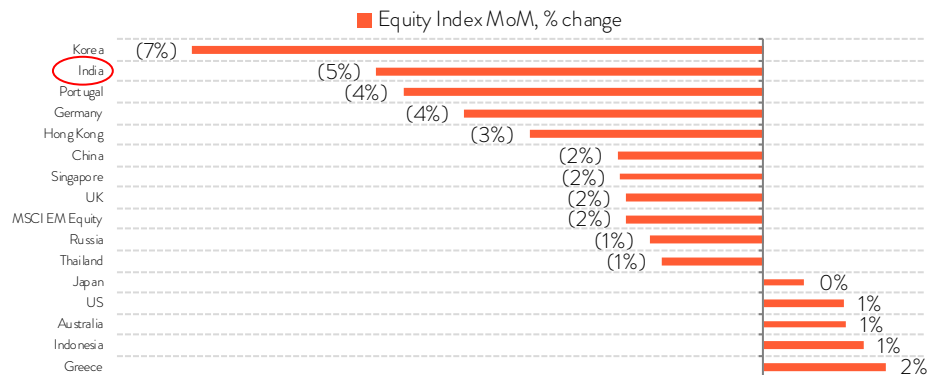
FIG 156 – IN FORWARDS MARKET, RBI SOLD US\$ 4.5BN IN THE SAME PERIOD



Markets

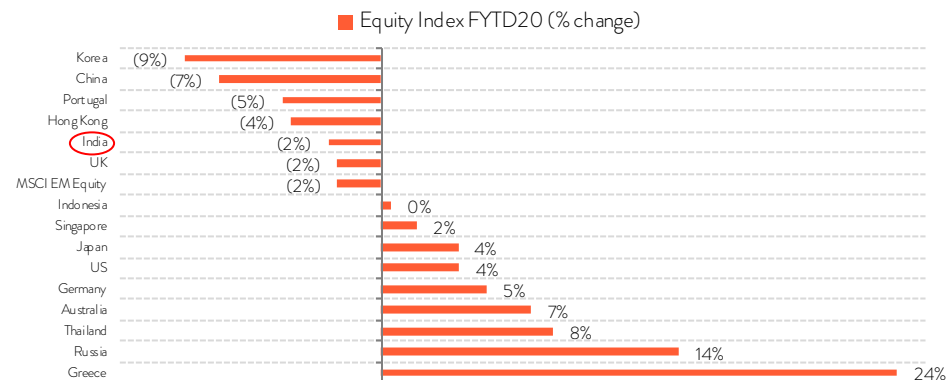
Equity

FIG 157 – ON MOM BASIS*, SENSEX DECLINED BY (-) 5% AS AGAINST MSCI EM'S INDEX DECLINE OF (-) 2%



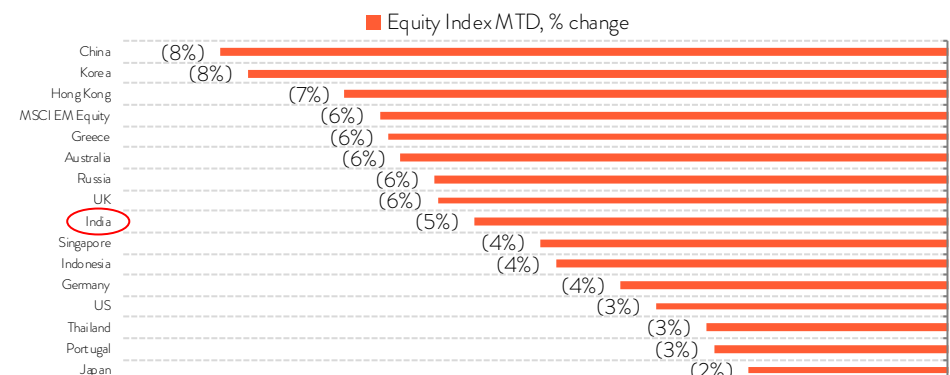
Source: Bloomberg | *As on 31 Jul 2019, Indices are in USD terms

FIG 159 – IN FYTD20* AS WELL, SENSEX FELL BY (-) 2%



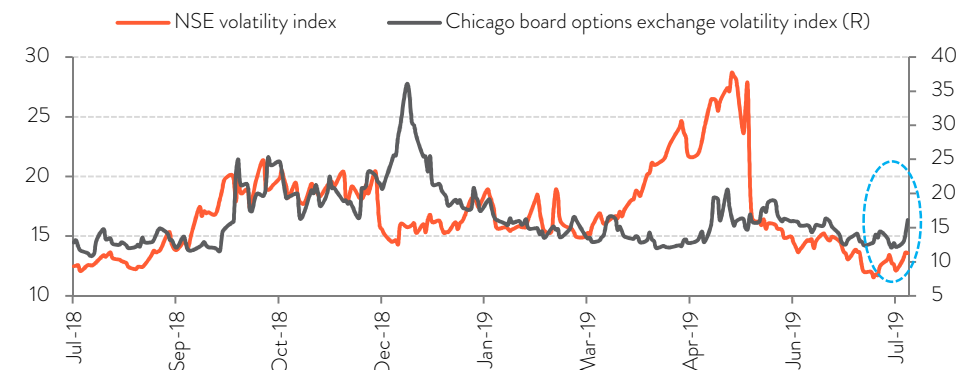
Source: Bloomberg | *As on 31 Jul 2019, Indices are in USD terms

FIG 158 – ON MTD BASIS*, SENSEX DECLINED BY (-) 5% IN LINE WITH MSCI EM'S DECLINE OF (-) 6%

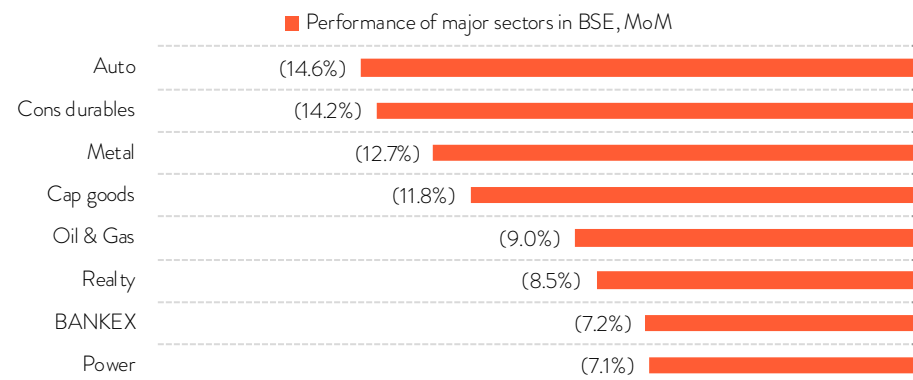


Source: Bloomberg | *As on 7 Aug 2019, Indices are in USD terms

FIG 160 – VIX INDEX SHOT UP IN JUL'19 ON GLOBAL GROWTH AND TRADE WAR CONCERNS

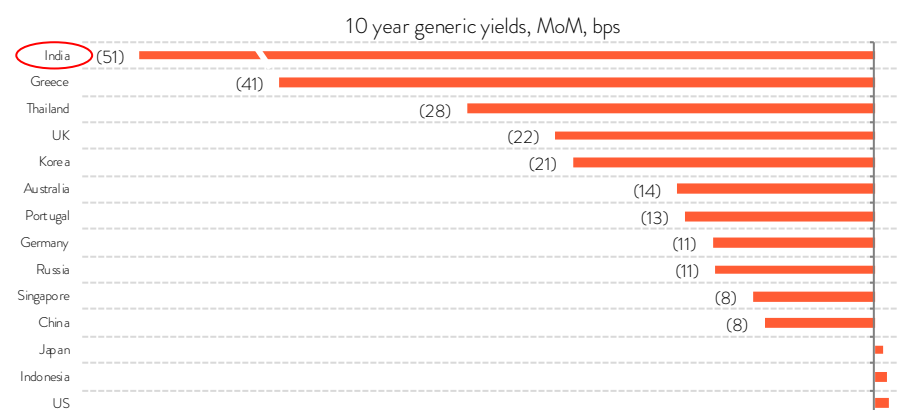


Source: Bloomberg

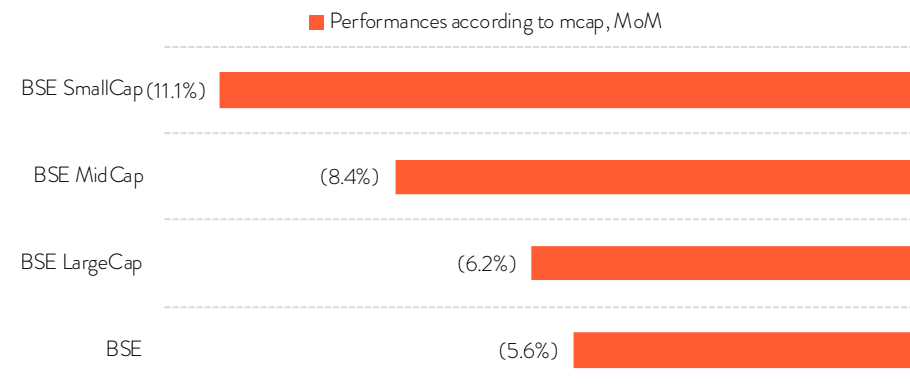
FIG 161 – THERE HAS BEEN BROAD BASED DECLINE IN MAJOR SECTORS

Source: Bloomberg, * As on 31 Jul 2019

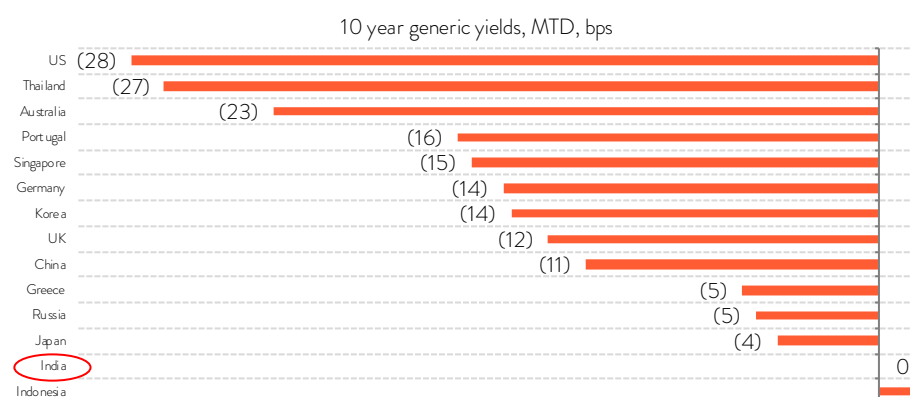
10 year Bond yields

FIG 163 – ON MOM BASIS*, INDIA'S 10 YEAR YIELD FELL THE MOST BY 51BPS AND IS TRADING AT 6.40% (08 AUG 2019)

Source: Bloomberg | *As on 31 Jul 2019

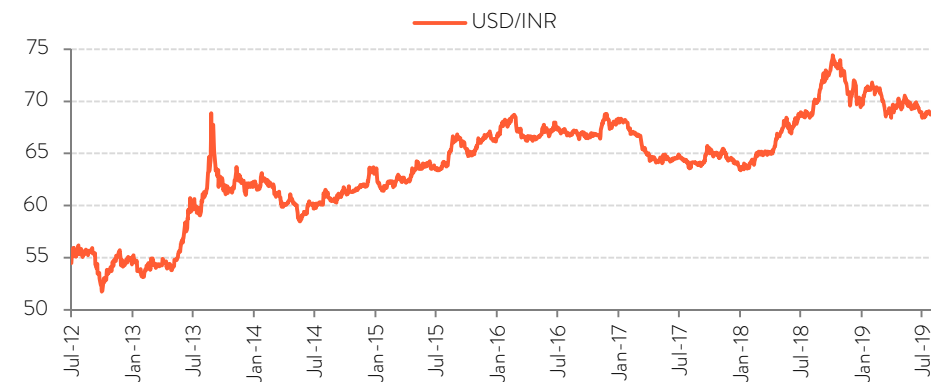
FIG 162 – SMALL CAP SEGMENT NOTED THE STEEPEST DECLINE BY (-) 11.1%

Source: Bloomberg | *As on 31 Jul 2019

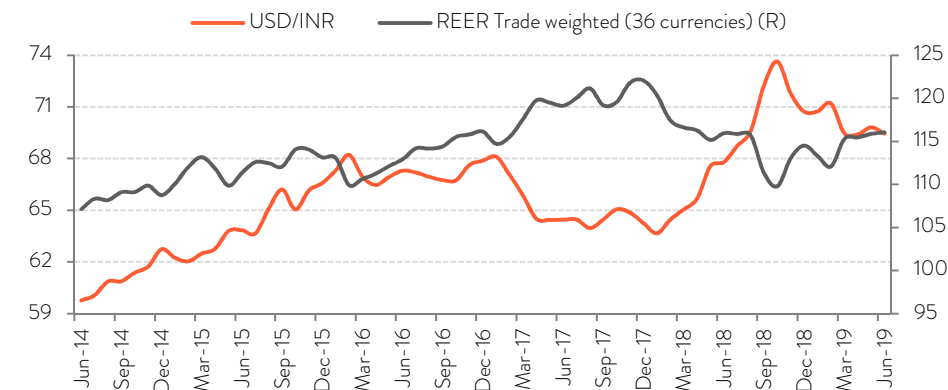
FIG 164 – ON MTD BASIS*, INDIA'S 10 YEAR YIELD HAS REMAINED FLAT AS MARKET ANTICIPATED STEEPER CUT FROM RBI

Source: Bloomberg | * As on 7 Aug 2019

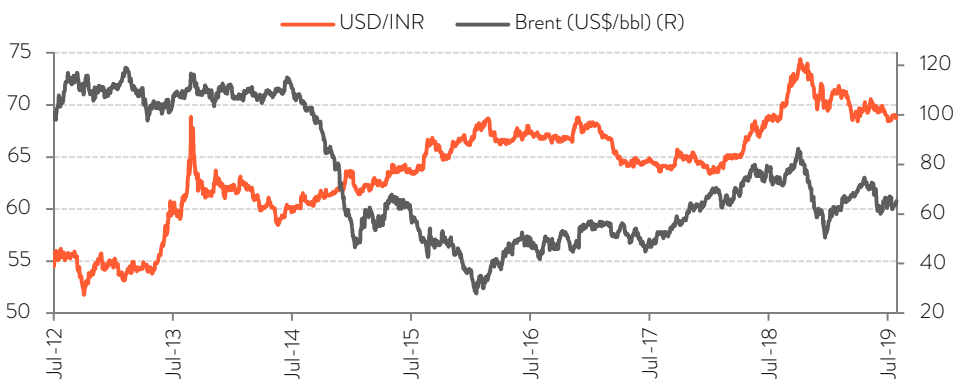
Currencies

FIG 165 – INR APPRECIATED BY 0.3% IN JUL'19

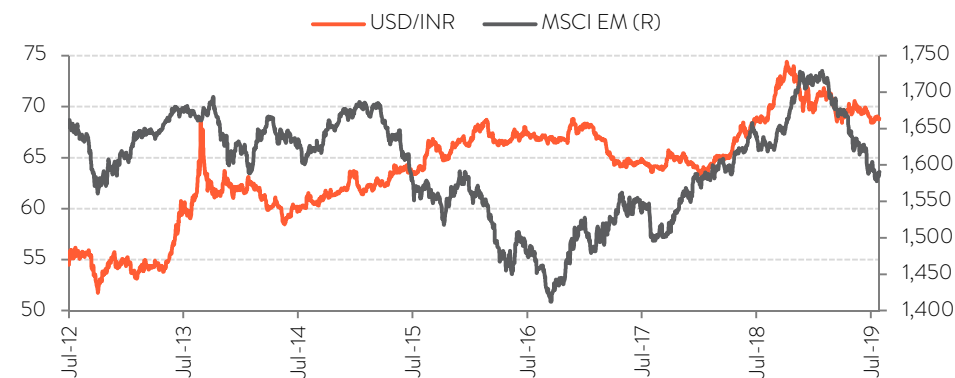
Source: Bloomberg | *As on 31 Jul 2019

FIG 166 – INR STILL OVERVALUED BY 16% (JUN'19)

Source: Bloomberg

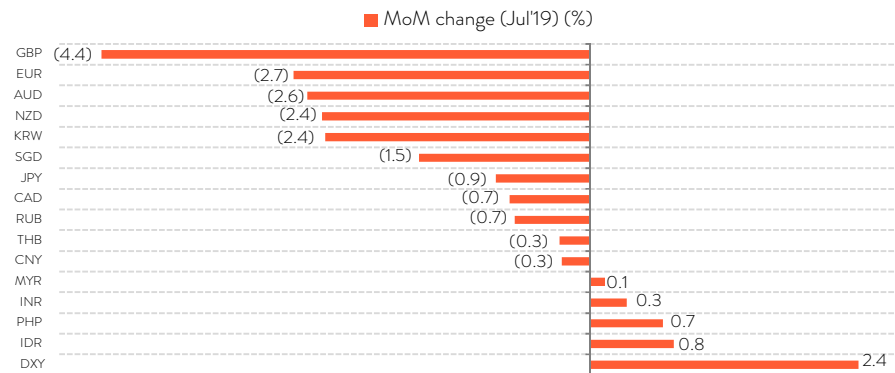
FIG 167 – OIL PRICES INCREASED SLIGHTLY IN JUL'19

Source: Bloomberg | *As on 31 Jul 2019

FIG 168 – ...EM CURRENCIES WERE STABLE

Source: Bloomberg | *As on 31 Jul 2019

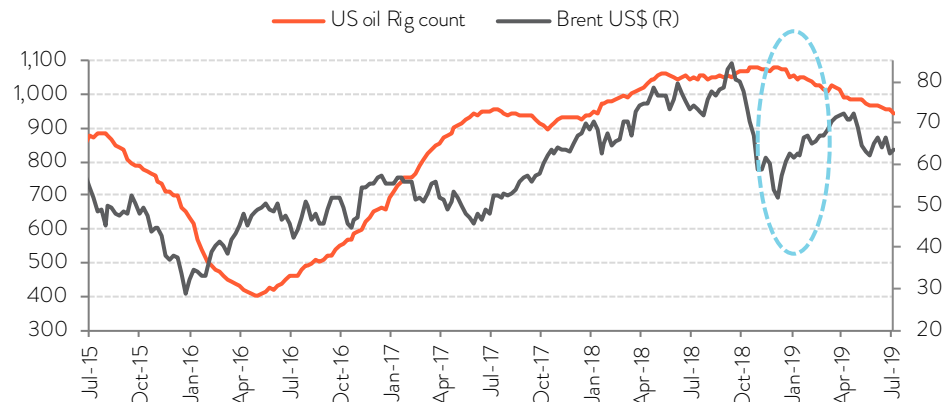
FIG 169 – MOST GLOBAL CURRENCIES FELL IN JUL'19



Source: Bloomberg | *As on 31 Jul 2019

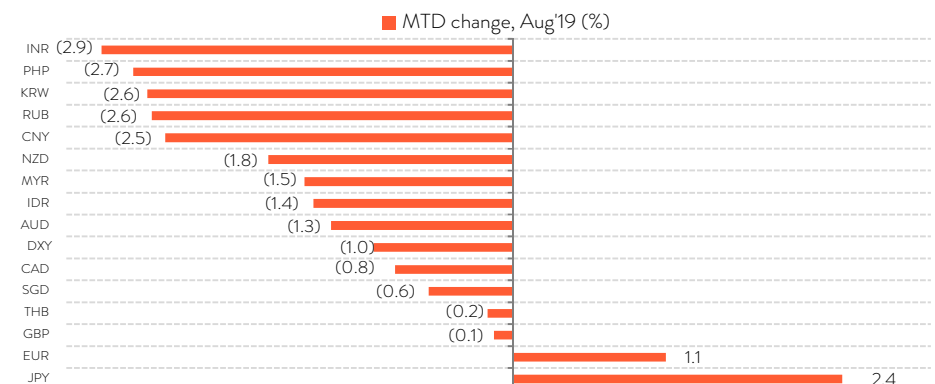
Commodities

FIG 171 – US RIG COUNT CONTINUED TO FALL TO 946 IN JUL'19 FROM 967 IN JUN'19



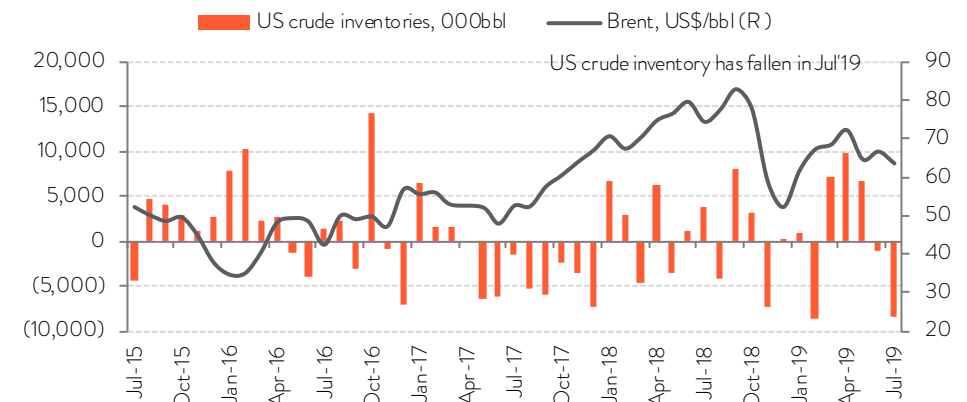
Source: Bloomberg

FIG 170 – EXCEPT JPY AND EUR, OTHER GLOBAL CURRENCIES FELL SHARPLY IN AUG'19 ON THE BACK OF TRADE TENSIONS



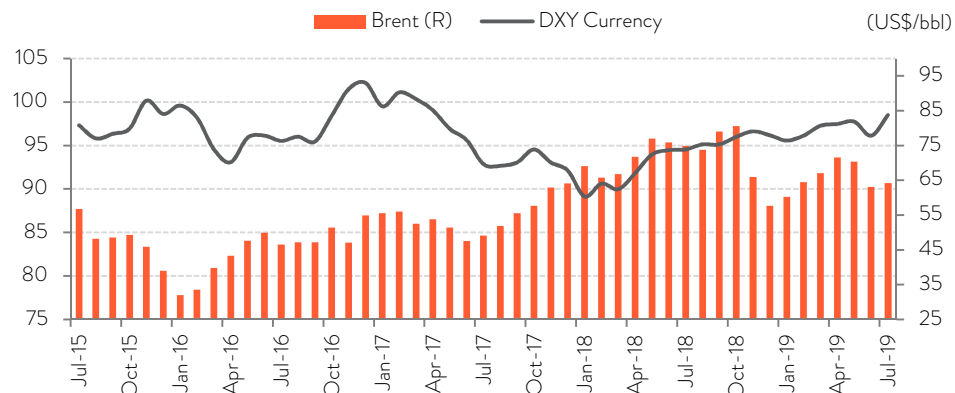
Source: Bloomberg | *As on 7 Aug 2019

FIG 172 – ...US INVENTORIES ALSO DECLINED IN JUL'19



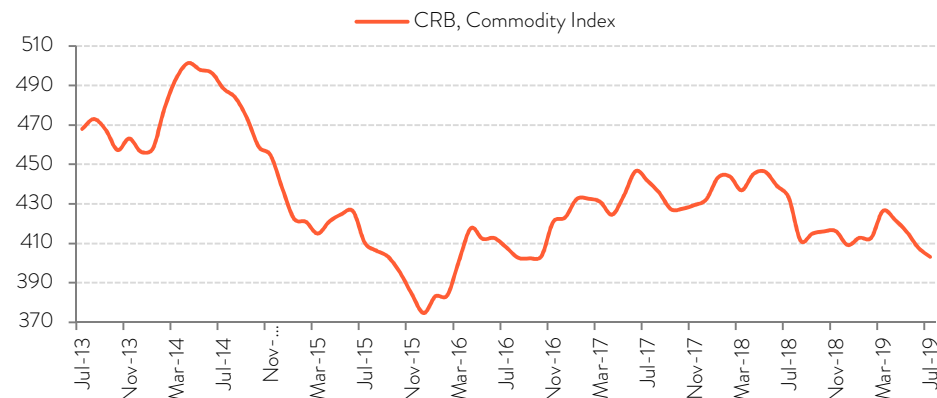
Source: Bloomberg

FIG 173 – DXY ROSE TO 98.52 IN JUL'19 VS 96.13 IN JUN'19, CRUDE INCHED SLIGHTLY IN JUL'19 BUT IS CURRENTLY TRADING LOWER AT US\$ 57/BBL



Source: Bloomberg | DXY Index as on last trading day of the month

FIG 174 – COMMODITY PRICES HAVE FALLEN SHARPLY IN JUL'19 ON MUTED DEMAND



Source: Bloomberg | Index as on last trading day of the month

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